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FOREIGN TRADE STUDY OF THE FOREST PRODUCTS INDUSTRIES

Prepared by

ARTHUR BEVAN

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F O R E W O R D

This "Foreign Trade Study of the Forest Products Industries" was prepared by Mr. Arthur Bevan of the Foreign Trade Studies Section, Mr. H. D. Gresham in charge. It is one of three reports prepared by the Industries Unit of the Foreign Trade Studies Section under the direction of James G. Burke, Unit Chief. Originally this unit planned to examine a considerable number of industries, dealing particularly with the effect of the operation of codes on foreign trade. Reductions in personnel and other limitations of activities prevented the fulfillment of the original plan.

The Unit was able to prepare preliminary manuscripts in three fields: forest products, automotive, and cotton textile. The manuscript on forest products is presented in the following pages; the substance of the manuscript on the automotive industry will be incorporated in the study of the automobile industry which is being made under the auspices of the Industry Studies Section; the material on cotton textiles will be turned over in typewritten form to the Department of Commerce for such use as later may be deemed appropriate.

A few words are appropriate concerning the content of the material on cotton textiles which is to be filed in manuscript form with the Department of Commerce. This study presents a considerable mass of factual data in the following fields: the relative importance of the industry in foreign trade; trends in cotton textile foreign trade; commodities moving in such trade; world competition; geographical distribution of the cotton textile industry; sources of raw materials; relative importance in the trade of various producing countries; changes in tariff rates; trade agreements; exchange; and quota restrictions. The effects of the operation of the code on foreign trade in cotton textiles is not covered.

As indicated above the "Foreign Trade Study of the Forest Products Industries," presented herein, was not carried to the point originally contemplated. Nevertheless, mimeographing of the material which was prepared is justified as an aid to further work in the field. A considerable amount of data is thus made available in convenient form.

L. C. Marshall
Director, Division of Review.

January 31, 1936

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SUMMARY OF FINDINGS

Description of the Industry with Reference to Foreign Trade

In spite of the many estimates that have been made of the world lumber and timber resources, very little is known about even the approximate stands available for commercial exploitation. A recent private* estimate of the forest areas by grand divisions gave 7,488,000,000 acres as the as the world total, of which 1,390,000,000 acres were located in the North American Continent. This same estimate mentioned the resources of the United States and Alaska to be 490,000,000 and 106,000,000 acres, respectively, and those of Canada to be approximately 597,000,000 acres.

In 1929 there were more than 35,000 manufacturing concerns located in the United States, which used lumber and timber as primary raw materials. The industry was fourth in the number of wage earners, and ninth in the value of its products, the latter being estimated at $2,000,000,000.

Domestic production and exports of softwoods originate from forests located principally in the Pacific Northwest for Douglas Fir and Western Pine, Spruce, and Hemlock, and in the Southeastern and Gulf states for long and short-leaf yellow pine. Hardwoods are produced and exported largely from forests located in the Appalachian mountains and in the south-central states.

The Foreign Trade of the United States in Lumber and Sawn Timber

The United States ships sawn lumber and timber to 84 different countries. Of these, 8 countries regularly take over 70 per cent of the total. In 1929, the United States led all other exporting countries in the total board feet of sawn lumber and timber exported to world markets. By 1934, the United States had dropped to fifth place, being surpassed by Finland, Russia, Sweden and Canada.

The principal causes for the considerable curtailment in exports of sawn lumber and timber from the United States during the past five years have been the artificial trade restrictions imposed by foreign countries. Especially important have been preferential tariffs (particularly in the British Empire), heavy customs duties, import quotas, exchange control, monetary manipulation, and virtual embargoes. Other factors seriously affecting the trend have been the general reduction in consumer buying power, increased foreign competition, and weakness in United States export merchandizing methods.

Softwoods

While lumber exports were 11 per cent of comestic production in 1929, the same exports supplied 20.7 per cent of the world consuming market. In 1932, exports were 13 per cent of the domestic production,

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* "Forest Resources of the World" by R. Zon and W. N. Sparhawk.

a high point in the industry, but applied only 10.8 per cent of the world market for the year. In 1934, exports were again 11 per cent of domestic production, and supplied 12.3 per cent of the world market.

While the volume of softwood lumber exports has fallen considerably since 1929, domestic production has likewise declined. Domestic production in that year amounted to approximately 28,345,000 thousand board feet, and in 1932 to about 12,735,000 thousand, or a decrease of about 55 per cent. Softwood exports from the United States declined from approximately 3,285,000 thousand board feet in 1928, to approximately 1,387,000 thousand in 1934, or a decrease of not quite 57 per cent. The ratio of exports to domestic production, therefore, remained substantially unchanged - 12 per cent in 1928, and 11 per cent in 1934.

In 1929 softwood lumber imports amounted to 1,643,232 thousand board feet, or 5½ per cent of the softwood domestic production of approximately 20,000,000 thousand board feet. By 1934 softwood imports had fallen to 295,149 thousand board feet, or 2-1/3 per cent of the approximate 13,000,000 thousand board feet of domestic production. The 1934 imports were less than 18 per cent of the softwood imports in 1929.

Hardwoods

The United States is the largest world exporter of temporate zone hardwoods - the principal item of which is oak. In 1928, the domestic production of hardwoods amounted to some 5,798,000 thousand board feet, of which approximately 509,000 thousand, or 9 per cent, were exported. In 1934 the domestic production totaled about 2,758,000 million board feet, and the exports some 300,837 thousand board feet, or 11 per cent of the domestic production.

Manufactured hardwood lumber imports into the United States consist almost entirely of insignificant quantities of tropical and sub-tropical hardwoods from Central America, and the Caribbean, and some maple, birch, and similar species from Canada. The principal hardwood lumber imports, however, are in the form of logs and squared timbers of mahogany and other cabinet woods from the Caribbean, Central America, the Philippine Islands, and the Orient.

Foreign Trade in Other Lumber Products

Of the remaining manufactured and semi-manufactured lumber and timber products important in the foreign trade of the United States, cooperage, box shooks, hardwood flooring, ply-woods and veneers, and ply-wood doors, are leading exports. Box shooks and cooperage exports have declined considerably since 1929, on account of the exchange control regulations and other restrictions imposed by the leading purchasing nations. Ply-wood exports increased from 33,381,000 square feet, valued at $1,642,000 in 1929, to 61,621,000 square feet, valued at approximately $1,700,000 in 1934. The exports of manufactured doors declined from some 2,140,000 units, valued at $3,987,000 in 1929 to 1,476,000 doors, valued at $1,678,000 in 1934.

Leading imports of manufactured and semi-manufactured lumber and timber products consist of poles, pulp wood, pulp, paper, and shingles.

Shingles imports, which consist mainly of red cedar shingles from British Columbia, declined slightly from 167,288,000 board feet in 1929 to 110,-094,000 in 1934.

The Lumber Code and Foreign Trade

Article VIII of the Lumber and Timber Products Industry Code provided for the allocation of combined domestic and export quotas to domestic producers by the divisional and sub-divisional code authorities. The industry through amendments sought revisions of the code to establish export prices, and the NRA sought to modify the inclusion of export production in domestic quota allocations; but differences in opinion prevented the approval of these proposals.

In the case of divisions or subdivisions the raw material of which is imported, Article VIII of the Code provided for the establishment of quotas and allotments in terms of imports. In accordance with this provision a system of import control was set up for the mahogany and Philippine mahogany subdivisions. In this connection proposals were made for modifications - which, however, were not adopted because of differences of opinion.

In view of the general increase in the United States export trade in sawn lumber and timber since 1932, and particularly during the period of production-export control and "cost production" regulations, it might be concluded that the operations in the industry were not affected by the code. It should be recognized, on the other hand, that this control was mainly effective because the domestic market was so highly protected against competition from imports; and on the other, that there was a minimum of control over the same industry as regards the substantial proportion of its production destined for export.

At the same time it should be equally recognized, nevertheless, that the domestic industry did not increase its exports to world consuming markets to the extent of its foreign competitors, so that there remains the possibility that the stabilizing factor of code control, particularly in view of increasing costs, may have created a competitive disadvantage, which would not have been encountered but for the limitations imposed by the code.

In contrast to sawn lumber and timber, with its limited export quota allocation, the case of douglas fir doors was indicative of the problem arising in subdivisions without any export control. Douglas fir doors, under the subdivisional code, had a highly protected domestic market, but no control in any form over exports. There followed cut-throat competition for export business, and price-cutting was freely indulged in in order to reduce the overhead of both domestic and export producers. This culminated in the imposition of dumping duties in several foreign countries.

Pulpwood, Woodpulp, and Paper

A study of the foreign trade in pulpwood, woodpulp, and paper is of vital importance in the consideration of conservation and sustained

yield management of our forest resources. Wood comprises about 85 per cent of the raw material used for paper making. Approximately 44 per cent of our domestic use is based on foreign pulpwood, and of our entire pulp and paper requirements, more than 50 per cent has for some years been imported in the form of either paper pulp or raw pulpwood.

Pulpwood was not included as one of the original products under the Lumber Code. Although numerous attempts were made to bring this industry under the Code, the proposed provisions, particularly with reference to hours and wages, were never satisfactorily adjusted.

Newsprint Paper

From 1929 through 1932, the world production of newsprint decreased 14 per cent, due mainly to sharp declines in the production in Canada, the United States, and Germany.

Some 25 companies, with an estimated aggregate capital of $300 million, operated newsprint mills in the United States. In 1934 there were approximately 24 companies engaged in the manufacture of newsprint in Canada, with a total estimated investment amounting to $794 million, of which $400 million was believed to be capital from the United States.

In June 1933, there were 6,560 workers employed in the newsprint mills in the United States. The annual payroll for that year was calculated to be $7,150,000.

The consumption of newsprint paper in the United States reached its peak in 1929, but then declined progressively through 1933, dropping 29 per cent during the 5-year period. Production in this country has decreased each year since 1926. The total decline from that year through 1933 was 44 per cent. Imports increased approximately 30 per cent from 1926 through 1929, and in 1932 and 1933 they were about 3 per cent less than for 1926.

The domestic Newsprint Industry's Code was approved November 17, 1933. Data submitted by six individual companies to the National Recovery Administration indicated that the total cost of production increased approximately 22 per cent in the period between June-November 1933, and December 1933 through May 1934. It was likewise indicated that the percentage of labor to total cost was about 12.9 per cent after the code became effective. Over the same time interval, employment was shown to have increased 13 per cent; average hours per week to have decreased 12 per cent; the average weekly wage to have increased about 1 per cent; and the average hourly wage to have increased 1.5 per cent.

While the base price of newsprint in the United States declined 65 per cent from 1929 through 1935, the average unit value of imports over the same period declined less than 42 per cent.

CHAPTER I

INTRODUCTION

I. DEFINING THE INDUSTRY

The Forest Products Industries, which are the subject of this study, in common parlance are known as "The Lumber Industry". In general, this industry includes all those industries drawing their raw materials from the forest. It also includes some fabricating industries, but such industries are a part of or subsidiary to the primary manufacture and utilization of the tree, or in competition therewith. The "Lumber Industry" will be used in this report in the sense of including all such industries.

II. RELATIVE IMPORTANCE IN UNITED STATES COMMERCE

The Lumber Industry, a national natural resource industry, is one of the basic industries of the United States and ranks high in the scale of relative importance as is illustrated by the fact that over 35,000 separate manufacturing concerns were registered by the agencies of the Lumber Code Authority. The decennial census figures for 1929 show "Forest Products" as fourth in the list of fifteen general industrial groups in number of wage earners, and ninth in value of products. In 1929, the same authority gives the number of wage earners in the "principal lumber industries" as 539,772 and the value of products as $1,962,082,000. By 1933 these figures had fallen to 246,508 wage earners and $529,693,000 value of products.

III. LOCATION OF PRINCIPAL MANUFACTURING AREAS

While primary manufacturing is located largely in the South and West, substantial quantities of lumber and timber products are produced in the East and North. The amount of lumber and timber products produced from farm woodlots is a very considerable factor. Of the standing timber in the United States it is estimated that 153 billion feet are in the hands of public agencies and industrial owners, while that contained in farm woodlots is estimated at 123 billion feet. (*) No figures are available as to the total cut of lumber and timber products from farm woodlots, but it is known to be substantial. In the South the output of both hardwood and softwood lumber from farm woodlands is variously estimated at 30 to 40 per cent; in the Northeast at 60 to 95 per cent; in the North Central states at 90 to 100 per cent; in the North at 25 to 30 per cent, and in the West at 5 to 15 per cent, of the output of these sections. Other timber products are produced from farm woodlots in even greater percentages, approximately 85 per cent of all hewn railroad crossties, 80 per cent of all domestic pulpwood production, and a very large part of cordwood (firewood), mine props, posts and poles. The production from these farm woodlots is a dominant and important factor in the industry and contributes a material income to a large part of the 6,000,000 farms of the United States.

(*) Senate Document No. 12 (Copeland report). On Senate Resolution 175, 72nd Congress.

IV. IMPORTANCE IN INDUSTRIAL OPERATIONS IN THE UNITED STATES

In addition to the important position that the lumber industry occupies in the agricultural regions of each state, it may be conclusively shown that a very important part of many manufacturing and industrial operations are dependent upon the use of wood; either in the production thereof as an integral part or as a preparatory operation in the production of the finished article.

The following are approximate percentages of lumber consumption in the various trades and/or industries:

(1) Construction and building consumes normally about 40 per cent of the total annual production;

(2) Planing mill products, including flooring, sash, doors and finish consume about 25 per cent of the total annual output;

(3) In recent years lumber consumption on the farm has materially decreased to about one-third of that used in 1929. In that year it was estimated by the National Lumber Manufacturers' Association that 40 per cent of the total production was used on the farm. It is noted that not only does farm woodland own and cut a sizable proportion of our total each year, but that the said farms are one of the largest consumers in normal times.

(4) The railroads in 1929 purchased 15.9 per cent of the total production for that year. The majority of this figure consists of cross ties; approximately 2,538,752 M feet; whereas, switch and bridge ties and timber and lumber contained 289,215 and 1,419,804 M feet, respectively.

(5) Boxes and crates consume annually about 15 per cent of the total, or 4,550,000 M feet. This amount does not include cigar boxes.

(6) The Forest Service reports that in 1928, 1,020,000 M feet of hardwoods and 349,000 M feet of softwoods were used in the automobile industry. However, in 1932 these figures had decreased to 220,000 and 104,383 M feet respectively. It is estimated that in 1933 this industry used 14 per cent of the total hardwood cut.

(7) The furniture industry used 1,249,599 M feet in 1929, of which 77 per cent was hardwoods.

(8) The casket industry consumes approximately 150,000 M feet a year.

(9) The newsprint and paper industry consumed in 1931 6,722,766 cords of pulpwood, of which 5,890,812 cords were produced in the United States.

(10) 6,384 establishments of the mining industry consumed in 1923, 507,359 M feet of timber.

(11) Other industries consumed lumber as follows:*

Match Industry:	1928,	114,511 M feet
Patterns and flasks:	1928,	27,065 M feet
Pencils and Penholders:	1928,	38,372 M feet
Ship and Boat Building:	1928,	98,423 and 19,578 M feet of softwoods and hardwoods, respectively.
Toy Industry:	1928,	37,000 M feet
Wood Turning and Shaping:	1928,	100,000 M feet
Construction and Repair:	1928,	1,007,417 M feet
Excelsior:	1931,	14,573,368 cubic feet

In its various ramifications the products of the Lumber Industry enter into the industrial life of every state in the Union, comprising as high as 60 per cent of the total payroll of a particular state down to a very small percentage in a few of the Great Plains States, where there is little or no primary manufacture, and where businesses included under the code were largely fabricating plants, such as millwork and box factories. Lumber and other products of our forests are an integral part or used in every manufacturing process, and while substitutes have increasingly replaced wood for many uses, it is still an indispensable material.

V. LOCATION IN THE UNITED STATES OF PRINCIPAL FOREST STANDS

The South and West contain most of the Commercial Timber Stands, but the aggregate of standing timber of saw timber size in other areas, including farm woodlots, is substantial. All classes of ownership are represented, from the large holdings of the Federal Government in the National Forests, State Forests, and large corporations to the woodlot on the farm. The forest area of the United States is given as 495,879,000 acres, with total standing saw timber of 1,668 billion feet board measure. It is estimated that the forest lands of this country under proper substantial yield management, are adequate to supply its needs in perpetuity.

The list of commodities which go to make up the Lumber Industry are legion, and no good purpose will be served as far as this report is concerned in attempting to enumerate them. All originate from the forests in the form of logs, poles, piling, bolts and cordwood, and these products are the primary drain on our forest resources.

VI. FOREST RESOURCES OF THE WORLD

The forest resources of the world are largely an unknown quantity, the only available figures are given in total acres of forest lands. Such figures really convey little, if any, information as to the world supply of saw timber. While it is known that Russia, Africa, South and Central America contain vast forests, not even estimates in board feet measure have been made of the amount of saw timber available in these remote regions.

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* The above 1928 figures are taken from the Forest Service Survey. Other figures are from the Bureau of the Census.

TABLE 1

LUMBER PRODUCTION OF THE UNITED STATES BY STATES - 1934

STATE	TOTAL	SOFTWOODS	HARDWOODS
	(Thousand feet b.m.)		
Alabama	659,152	544,583	114,569
Arizona	73,180	73,180	
Arkansas	627,647	418,858	208,789
California	1,014,747 a/	1,014,580 a/	167 a/
Colorado	49,464	49,370	94
Connecticut	11,412	5,796	5,616
Delaware	5,415	3,820	1,595
Florida	473,343	428,206	45,137
Georgia	476,221	417,610	58,611
Idaho	457,089	456,963	126
Illinois	14,928	250	14,678
Indiana	64,553	30	64,523
Iowa	2,938		2,938
Kansas	2,669 b/	85 b/	2,584 b/
Kentucky	122,776	6,159	116,617
Louisiana	774,646	490,635	248,011
Maine	178,497	158,623	19,874
Maryland	24,095	9,436	14,659
Massachusetts	57,103	49,368	7,735
Michigan	235,560	58,316	177,244
Minnesota	95,360	67,908	27,452
Mississippi	875,206	664,692	210,514
Missouri	100,546	27,587	72,959
Montana	171,841	171,690	151
Nebraska	c/	c/	c/
New Hampshire	154,646	135,464	19,182
New Jersey	7,410	1,030	6,380
New Mexico	101,409		
New York	58,676	18,848	39,828
North Carolina	571,452	438,158	133,294
Ohio	82,792	387	82,405
Oklahoma	110,986	95,512	15,474
Oregon	2,379,642	2,360,714	18,928
Pennsylvania	146,752	39,095	107,657
Rhode Island	4,315	3,333	982
South Carolina	341,061	261,173	79,888
South Dakota	33,467	33,466	1
Tennessee	299,398	66,237	233,161
Texas	594,479	514,585	79,894
Utah	10,360	10,237	123
Vermont	50,213	26,367	23,846
Virginia	406,174	285,541	120,633
Washington	3,064,270	3,045,929	18,341
West Virginia	223,921	37,835	186,086
Wisconsin	264,991	123,456	141,535
Wyoming	18,837	18,837	
TOTAL	15,493,639	12,735,358	2,758,281

a/ Includes Nevada b/ Includes Nebraska c/ Included with Kansas

Source: Bureau of the Census.

DOUGLAS FIR

WESTERN PINE

REDWOOD

PRINCIPAL PRODUCING REGIONS
TIMBER

HARDWOODS

SOUTHERN PINE AND HARDWOOD

SOUTHERN PINE AND CYPRESS

SOUTHERN PINE

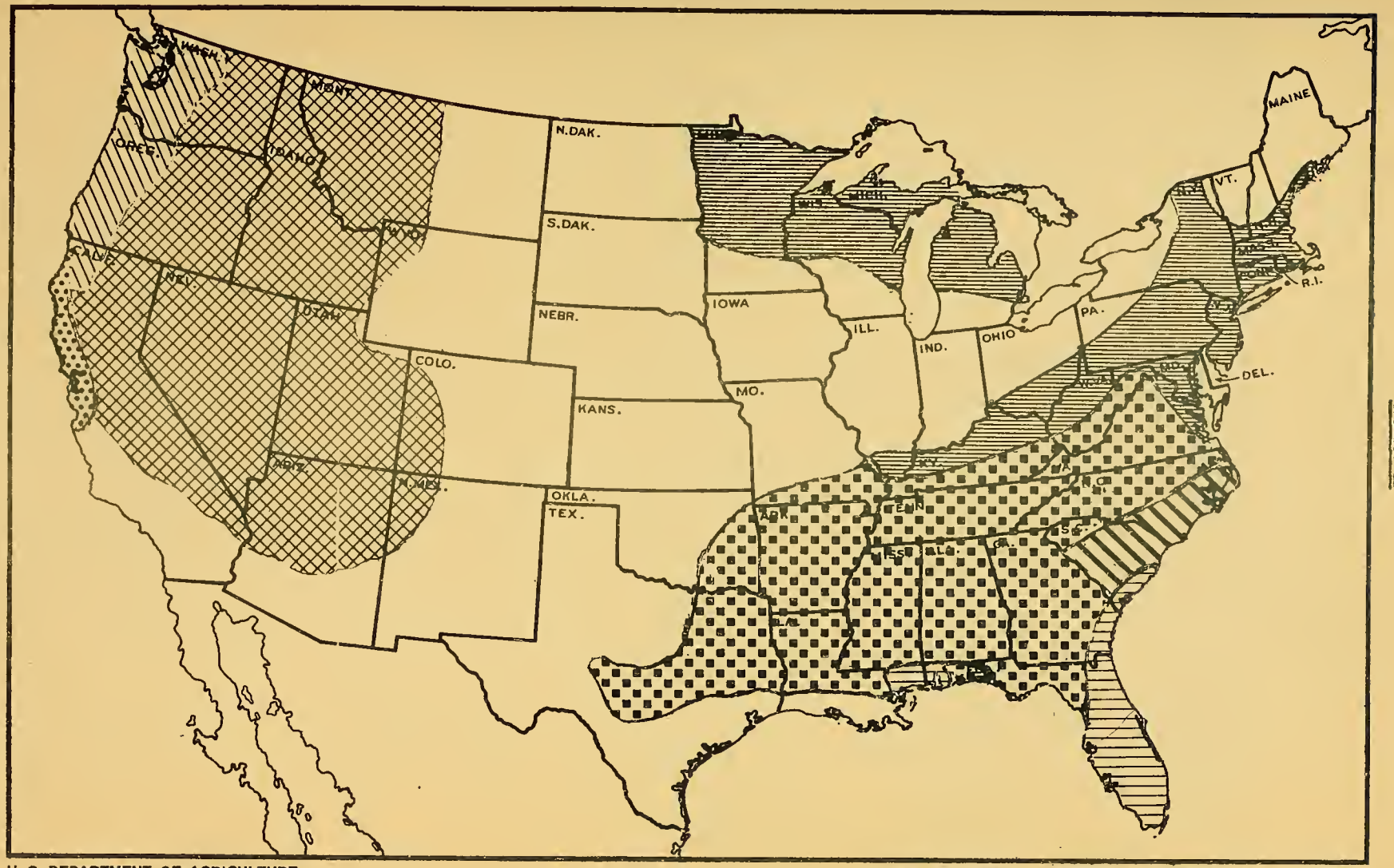

CHART A

U. S. DEPARTMENT OF AGRICULTURE

NEG. 27744

BUREAU OF AGRICULTURAL ECONOMICS

TABLE 2

United States Exports of Lumber and Timber Products a/ by Principal Producing Regions

Commodity	1928			1929		
	M ft. b.m.	% of total	$1,000	M ft. b.m.	% of total	$1,000
SOFTWOODS						
TOTAL SOFTWOODS	3,285,254	100	91,540	3,202,521	100	92,635
Douglas Fir	1,358,733	41	28,401	1,507,623	47	32,416
Southern Pine	891,444	27	36,843	833,601	26	35,461
Western Pine	32,976	1	1,911	41,482	1	2,392
Redwood	59,815	2	3,347	62,280	2	3,575
All Other	942,236	29	21,038	757,535	24	18,791
HARDWOODS						
TOTAL HARDWOODS	509,310	100	32,383	525,334	100	34,220
Oak	236,257	47	14,025	231,024	44	14,324
Gum	69,860	14	3,640	60,517	12	2,953
Ash	30,083	6	2,003	41,974	8	2,960
Poplar	38,985	7	2,324	40,383	8	2,520
All Other	134,125	26	10,391	151,436	28	11,463
	1933			1934		
SOFTWOODS						
TOTAL SOFTWOODS	1,197,916	100	22,372	1,386,498	100	32,254
Douglas Fir	612,995	51	7,591	673,684	49	10,383
Southern Pine	343,815	29	10,447	466,671	34	15,241
Western Pine	18,118	2	681	28,409	2	1,101
Redwood	14,185	1	495	18,945	1	802
All other	208,803	17	3,158	198,789	14	4,727
HARDWOODS						
TOTAL HARDWOODS	312,073	100	13,526	300,887	100	16,477
Oak	155,549	50	6,831	120,092	40	6,356
Gum	37,993	12	1,195	34,293	11	1,430
Ash	38,697	13	1,504	17,696	16	2,444
Poplar	21,979	7	923	23,903	8	1,125
All Other	57,855	18	3,003	74,903	25	5,124

Commodity	1930			1931			1932		
	M ft. b.m.	% of total	$1,000	M ft. b.m.	% of total	$1,000	M ft. b.m.	% of total	$1,000
SOFTWOODS									
TOTAL SOFTWOODS	2,246,258	100	59,897	1,674,289	100	34,749	1,065,230	100	18,988
Douglas Fir	1,012,639	45	19,169	807,368	48	11,486	505,578	47	5,700
Southern Pine	658,606	30	27,202	410,686	25	13,928	336,555	32	9,100
Western Pine	31,733	1	1,556	24,079	1	916	14,353	1	519
Redwood	28,412	1	1,512	6,999	1	347	8,219	1	311
All Other	514,868	23	10,458	425,157	25	8,072	200,525	19	3,358
HARDWOODS									
TOTAL HARDWOODS	458,393	100	28,364	354,714	100	17,933	256,597	100	10,341
Oak	216,671	47	12,637	181,292	51	8,678	132,347	51	5,211
Gum	55,314	12	2,486	41,524	12	1,522	29,679	12	881
Ash	47,866	11	3,250	33,551	9	1,739	27,849	11	1,046
Poplar	28,167	6	1,667	21,073	6	972	16,235	6	616
All Other	110,375	24	8,324	77,274	22	5,022	50,457	20	2,587

Source: Foreign Commerce and Navigation of the United States

a/ Includes logs, sawn timber, boards, planks, scantlings, box shooks and railroad ties.

The following table gives the only available information:

TABLE 3

FOREST AREAS OF THE WORLD BY PRINCIPAL DIVISIONS AND COUNTRIES IN ACRES

Division and Country	Forest Area
Total World	7,487,696,770
Asiatic Russia	1,136,153,150
India	260,139,520
China	190,000,000
Dutch East Indies	154,339,000
Japan	90,484,640
Asia	2,096,014,590
Brazil	1,000,000,000
Argentina	264,000,000
Peru	224,000,000
Columbia	150,000,000
Bolivia	128,000,000
Venezuela	103,840,000
South America	2,092,690,000
Canada	596,746,000
United States	494,898,000
Alaska	106,000,000
Mexico	74,100,000
North America	1,389,855,000
Belgian Congo	180,000,000
Rhodesia	170,304,000
Nigeria	139,776,000
French Congo	80,000,000
Cameroon	35,000,000
Ivory Coast	30,000,000
Africa	797,458,000
European Russia	445,473,000
Sweden	55,550,000
Finland	49,410,000
Germany	30,905,840
France	25,508,420
Poland	21,881,140
Roumania	21,758,000
Norway	17,037,570
Europe	774,118,460
New Guinea	160,020,000
Australian Commonwealth	90,291,500
New Zealand	17,073,920
Australia and Oceania	283,458,720

Source: "Forest Resources of the World" by R. Zon and W. N. Sparhawk.

Due to the availability of its products, the United States enters dominantly into supplying the timber needs of the world. This is particularly true of Temperate Zone hardwoods.

VII. SCOPE OF THE STUDY

In view of the shortage of time available for this study, and because of their dominant position in the field, it has been decided to restrict the preliminary study of exports and imports in the lumber industry to those constituting the most important primary products, namely, logs, timbers and all sawn lumber, both of hardwoods and softwoods. Hardwoods and softwoods are not generally competitive, and the problems involved are distinct and different, so this report will, in general, deal with these two broad classifications separately. Further, there being no direct connection between exports and imports, they will be discussed separately.

VIII. MANNER IN WHICH EXPORT TRADE IS CONDUCTED

The lumber export trade of the United States is conducted through several channels, the most important of these being through cooperative associations organized under the Webb-Pomerene Act. Such associations are controlled by and the stock owned by the manufacturers, members of the organizations. The Douglas Fir Exploitation and Export Company of Seattle, Washington, and the American Pitch Pine Export Company of New Orleans, are typical of these organizations. Export brokers, or wholesalers, also account for a substantial percentage, and direct shipments from the manufacturer to the foreign buyer are a very minor factor in the trade.

The bulk of the business in foreign countries is handled through foreign brokers. Other methods of lesser importance are through commission salesmen, and in a few instances through foreign buying agents in this country.

Shipments are sold C. I. F. and F. A. S. In the former case the goods are sold to the foreign buyer, including the cost of handling and loading, insurance and ocean freight, so that the quotation is the delivered price in ship's sling at the foreign port of delivery. In the latter, the price includes only those costs to deliver the goods freight alongside ship, within reach of ship's sling at the port of loading in this country.

IX. OTHER FOREST PRODUCT STUDIES WHICH SHOULD BE MADE

Other important forest products which should be studied and reviewed in respect to their foreign trade aspects so as to have a reasonably complete picture as far as the forest products industries are concerned, are woodpulp, pulpwood and paper; plywood, doors and shingles. A very complete study of the woodpulp and paper industry and the effect of imports on the domestic industry is in progress by the United States Tariff Commission, under the provisions of Senate Resolution 200, and this report will be available at a later date.

Pulpwood is not included in the proposed study of the United States Tariff Commission, and because of its importance and the effect of imports largely from Canada or the conservation of our forest resources, it should be the subject of an exhaustive study, particularly in respect to domestic production, which is largely from farm woodlots, often produced with poorly paid labor. The effect of large imports on domestic production is of extreme importance, and such a study should consider the future consumption needs of our country. A recent publication by the Forest Service, "National Pulp and Paper Requirements in Relation to Forest Conservation" (Hale Report), covers certain phases of the pulpwood supply of the United States and its relation to imports.

The export of plywood, particularly Douglas Fir Plywood and Doors, is of growing importance. The problems involved include factors differing from those of other forest products. Douglas Fir Doors in particular present the opportunity of a comparison in contrast with lumber, in that these doors were not produced under the provisions of Article VIII, Production Control, of the Lumber Code, while Article IX, Cost production, was established covering prices in the domestic market. A study of these problems presents further opportunity to analyze conditions which would be of value in establishing future foreign trade relations for these and other products.

In respect to shingles, the problem is largely one of imports. The manner in which this perennial problem was handled under Section 3 (e) of the National Industrial Recovery Act, a study of this trade is fully warranted and should be completed.

The reason for outlining the forest products, which should by all means be included in any final study and report on the foreign trade of the forest products industries, is because each specific item presents a different phase, particularly as to the effect of the Lumber Code on foreign trade.

The woodpulp industry was never codified.

The Douglas Fir Plywood and Door Industries operated under cost protection, but had no production control.

Shingles were produced under both cost protection and production control, and importations were controlled by a quota agreement with Canada.

Definite conclusions should only be made when the study of the influence or lack of influence of code provisions on these subsidiary products is completed. It is particularly desirable that the reader should realize the limitations of this preliminary report, due to shortage of time and personnel.

It is believed that this report will, however, illustrate the importance of the project and serve as an outline of the complete study which should be completed.

CHAPTER II

IMPORTANCE OF EXPORT TRADE TO THE LUMBER INDUSTRY

With an average of 10 to 12 per cent of the production of softwood lumber and 11 to 18 per cent of the production of hardwood lumber exported to foreign countries, the importance of this market to the industry is obvious. While the total volume of exports has fallen considerably, it is significant that its position in relation to total domestic production has been generally maintained.

On the other hand, exports have not shown the same favorable relationships to the world market (consumption) as represented by the total imports of all importing countries. From a low point in 1932, the world market shows a decided increase which has not been reflected in our export trade. In 1929 lumber exports were 11 per cent of domestic production and 20.7 per cent of the world market. In 1932 exports were 13 per cent of domestic production, a high point, but this represented only 10.8 per cent of the world market. In 1934, the latest available figures, exports were again 11 per cent of domestic production, but this only represented 12.3 per cent of the world market.

SOFTWOOD: WORLD TRADE BY PRINCIPAL COUNTRIES OF PLANED AND SAWN LUMBER, 1929 TO 1934

(IN THOUSANDS OF FEET BOARD MEASURE)

FROM \ TO	YEAR	TOTAL EXPORTS	UNITED KINGDOM AND IRELAND	GERMANY	HOLLAND	FRANCE	DENMARK	BELGIUM	SOUTH AFRICA	SPAIN	AUSTRALIA	ITALY	CHINA	JAPAN	ARGENTINA	SUNDRY COUNTRIES	YEAR
TOTAL IMPORTS	1929	15,149,130	3,525,390	1,167,210	685,970	403,213	343,530	665,557	190,080	153,773	349,470	677,377	364,788	1,251,671	253,379	4,357,722	1929
	1930	14,467,003	3,276,500	996,840	923,170	993,137	420,750	490,010	160,380	238,596	133,660	668,778	228,900	1,205,002	176,694	4,555,048	1930
	1931	10,663,456	3,018,510	358,815	728,640	863,595	350,960	481,230	116,820	154,446	77,220	644,058	289,375	1,022,909	110,652	2,465,476	1931
	1932	9,867,936	2,920,500	396,021	685,270	634,048	215,865	442,960	91,158	195,640	139,328	613,463	229,395	672,089	94,456	2,537,451	1932
	1933	11,077,282	3,804,316	405,705	849,420	841,644	327,690	518,644	131,470	166,448	148,200	717,694	373,192	438,401	79,938	2,550,290	1933
	1934	11,250,391	4,419,619	724,874	802,890	571,126	389,075	364,330	203,940	193,716	159,390	683,351	438,096	422,466	92,756	1,767,092	1934
FINLAND	1929	2,181,960	976,140	224,720	128,700	206,410	82,160	338,580	73,260	85,140	990	— —	— —	— —	— —	64,340	1929
	1930	1,872,090	770,220	164,340	321,750	187,100	119,880	160,380	43,500	41,580	— —	— —	— —	— —	— —	65,340	1930
	1931	1,595,880	742,500	60,390	231,660	170,280	97,020	180,180	33,660	25,740	— —	— —	— —	— —	— —	54,450	1931
	1932	1,501,830	762,300	58,410	180,180	172,260	57,420	152,460	27,720	37,620	136	82	— —	— —	— —	56,192	1932
	1933	1,832,490	1,102,860	65,340	128,700	182,360	93,060	158,400	43,560	25,740	990	411	— —	— —	— —	51,069	1933
	1934	2,144,340	1,258,290	181,390	198,990	93,060	132,660	116,820	77,220	29,700	2,970	3,344	— —	— —	— —	67,936	1934
U.S.S.R.	1929	1,825,690	1,023,660	144,540	198,990	51,480	5,940	61,380	15,840	— —	— —	21,450	1664	180,392	24	120,350	1929
	1930	2,330,684	995,940	150,480	257,400	61,380	13,860	162,360	33,660	839	— —	12,666	7730	398,635	2	235,732	1930
	1931	1,856,914	1,018,740	110,880	274,260	1,980	33,660	95,040	27,720	1,940	990	19,250	2,190	243,136	64	33,455	1931
	1932	1,954,100	924,660	209,880	307,190	11,880	27,720	104,940	15,840	2,560	572	20,010	84,949	158,402	— —	85,497	1932
	1933	2,420,922	722,700	196,020	431,640	303,064	45,540	174,240	27,720	— —	— —	126,869	91,514	70,760	— —	230,856	1933
	1934	1,985,036	785,070	326,700	300,960	200,866	35,640	116,820	41,580	7,596	— —	121,099	10,077	12,890	— —	25,758	1934
SWEDEN	1929	2,377,978	851,400	118,800	207,900	275,220	248,480	130,680	73,260	190,080	51,480	1,999	— —	— —	— —	227,679	1929
	1930	2,008,340	722,700	69,300	168,300	257,400	289,080	75,240	49,500	162,360	5,940	2905	— —	— —	— —	206,115	1930
	1931	1,506,790	595,980	27,720	85,140	203,940	213,840	95,040	37,620	99,000	990	2,342	— —	— —	— —	145,168	1931
	1932	1,510,740	687,060	41,580	91,080	184,140	124,740	69,300	35,640	128,700	5,940	801	— —	— —	— —	141,769	1932
	1933	1,785,960	881,100	41,580	138,600	178,200	178,200	61,380	55,440	120,780	4,950	2,362	— —	— —	— —	123,368	1933
	1934	1,828,930	869,220	104,940	142,560	112,960	213,840	29,700	41,580	134,640	7,920	2,737	— —	— —	— —	168,333	1934
CANADA	1929	1,787,991	157,410	2,760	— —	1,293	— —	1267	9900	53	35,640	826	28,839	306,978	1,710	1,242,965	1929
	1930	1545438	163,350	2,870	— —	1,157	— —	1,148	13,860	157	25,640	561	32,671	148,094	1,065	1,138,365	1930
	1931	991,876	108,900	925	— —	1,045	— —	486	5,940	37	45,540	364	46,267	213,902	1,981	564,589	1931
	1932	729,720	152,460	121	544	448	— —	332	3960	16	116,820	326	45,546	163,960	337	236,850	1932
	1933	1064336	407,880	127	302	5,940	— —	8,596	13,860	— —	124,740	107	104,897	153,789	96	244,072	1933
	1934	1,396,920	811,900	— —	104	2,970	5	3,000	19,800	— —	122,760	387	129,437	122,115	378	184,164	1934
UNITED STATES	1929	3,213,525	221,760	136,620	31,680	21,780	9,960	43,560	17,820	49,500	261,360	55,897	334,135	765,301	251,645	1,013,307	1929
	1930	2,268,855	253,440	129,700	29,700	35,640	3,960	51,480	13,860	39,660	91,080	64,554	183,499	658,313	175,627	565,342	1930
	1931	1,644,778	158,400	47,520	27,720	15,840	3,960	37,620	11,880	27,720	29,700	37,916	240,918	565,871	103,707	551,006	1931
	1932	1,066,100	95,140	35,640	23,760	13,860	1,980	41,580	7,920	25,740	15,840	35,490	98,980	350,727	94,119	235,424	1932
	1933	1,197,152	95,776	30,468	25,740	11,880	1,980	29,600	9,900	19,800	17,820	47,350	176,781	213,902	79,342	426,313	1933
	1934	1396998	83,419	27,914	38,600	8,910	1,980	27,620	23,760	21,780	25,740	48,100	298,582	297,461	97,558	374,074	1934
POLAND INCLUDING DANZIG	1929	583,110	89,100	298,980	53,460	45,540	990	19,800	— —	— —	— —	— —	— —	— —	— —	75,240	1929
	1930	633,600	118,800	308,900	39,600	79,200	1,980	5,940	— —	— —	— —	— —	— —	— —	— —	81,180	1930
	1931	622,720	205,920	29,760	63,360	122,760	1,980	25,740	— —	— —	— —	— —	— —	— —	— —	79,200	1931
	1932	316,800	126,720	1,980	53,460	59,400	— —	35,640	— —	864	— —	— —	— —	— —	— —	33,796	1932
	1933	580,140	316,800	7,920	96,030	67,320	990	43,560	— —	128	— —	— —	— —	— —	— —	47,392	1933
	1934	600,930	374,220	14,850	85,140	53,460	1,980	15,840	— —	— —	— —	64	— —	— —	— —	55,376	1934
LATVIA	1929	299,080	165,330	7,920	59,400	29,760	— —	29,700	— —	— —	— —	— —	— —	— —	— —	2,970	1929
	1930	384,120	213,840	9,900	89,100	33,660	990	31,680	— —	— —	— —	— —	— —	— —	— —	4,950	1930
	1931	243,540	148,500	3,960	29,700	18,810	— —	39,600	— —	— —	— —	— —	— —	— —	— —	2,970	1931
	1932	185,065	132,660	2,870	11,880	16,830	45	19,800	78	— —	— —	— —	— —	— —	— —	902	1932
	1933	301,040	223,740	2,870	9,900	27,720	— —	31,680	990	— —	— —	— —	— —	— —	— —	3,960	1933
	1934	309,870	213,820	14,850	25,740	19,800	— —	25,740	— —	— —	— —	— —	— —	— —	— —	7,920	1934
SUNDRY COUNTRIES	1929	2,237,996	49,590	231,660	15,840	277,230	— —	40,590	— —	— —	— —	197,225	— —	— —	— —	1,234,861	1929
	1930	3,623,478	38,210	163,350	17,820	336,600	— —	1782	— —	— —	— —	789,192	— —	— —	— —	2,277,529	1930
	1931	2,220,968	42,570	83,160	19,800	307,890	— —	7,524	— —	— —	— —	587,136	— —	— —	— —	1,233,888	1931
	1932	2613071	49,500	48,510	17,176	175,230	3,960	18,910	— —	— —	— —	586,754	— —	— —	— —	876,040	1932
	1933	1,893,242	51,480	61,380	13,508	85,140	7,920	1,188	— —	— —	— —	549,596	— —	— —	— —	1127,030	1933
	1934	1,598,967	20,790	74,250	8,906	79,200	2,970	20,790	— —	— —	— —	508,120	— —	— —	— —	883,541	1934

SOURCES: BRANDT-LONDON
FOREIGN COMMERCE & NAVIGATION OF THE U.S. DEPT. OF COMMERCE
THE FOREIGN TRADE OF CHINA-MARITIME CUSTOMS
THE FOREIGN TRADE OF JAPAN-DEPT. OF FINANCE
COMMERCE OF CANADA
FOREIGN TRADE OF U.S.S.R. FOR FIRST FIVE YEAR PLAN

SOURCES: C. I. B. TIMBER EXPORTS-VIENNA
NORGES HANDEL
SVERIGES OFFICIELLA STATISK
ESTADISTICA del COMERCIO EXTERIOR de ESPANA
MOVIMENTO COMMERCIALE del REGNO D'ITALIA

TABLE 5

UNITED STATES PRODUCTION AND EXPORTS OF LUMBER
AND
TIMBER PRODUCTS

PRODUCTION

Year	Total	Hardwoods	Softwoods
	(M ft. b.m.)		
1928	34,141,915	5,797,820	28,345,095
1929	36,886,032	7,072,687	29,813,345
1930	26,051,473	4,728,687	21,322,786
1931	16,522,643	2,670,692	13,851,951
1932	10,151,232	1,405,596	8,745,636
1933	13,961,134	2,062,261	11,898,873
1934	15,493,639	2,758,281	12,735,358
1935a/	8,575,000	1,675,000	6,900,000

EXPORTS, AND RATIO OF EXPORTS TO PRODUCTION

Year	Total		Hardwoods		Softwoods	
	Exports M ft. b.m.	Ratio to Production: Per Cent	Exports M ft. b.m.	Ratio to Production: Per Cent	Exports M ft. b.m.	Ratio to Production Per cent
1928	3,794,564	11.	509,310	9.	3,285,254	12.
1929	3,727,855	10.	525,334	7.	3,202,521	11.
1930	2,704,651	10.	458,393	10.	2,246,258	11.
1931	2,029,003	12.	354,714	13.	1,674,289	12.
1932	1,321,827	13.	256,597	18.	1,065,230	12.
1933	1,509,989	11.	312,073	15.	1,197,916	10.
1934	1,687,385	11.	300,887	11.	1,386,498	11.
1935a/	963,163	11.	186,843	11.	776,320	11.

a/ 8 months, - Source: National Lumber Manufacturers Association

Source: Forest Service - United States Department of Agriculture, and Bulletins of Census of Manufactures.

TABLE 6

UNITED STATES EXPORTS OF SPECIFIED TIMBER AND LUMBER PRODUCTS

	1928		1929		1930		1931		1932		1933		1934		1935 a/	
	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000
Total	3,799,432	126,776	3,727,632	126,896	2,707,904	89,084	2,019,492	52,893	1,322,710	29,320	1,509,225	35,764	1,687,383	47,462	963,163	26,300
Logs and Hewn Timber	431,013	9,516	379,038	7,842	305,526	5,544	265,411	4,306	133,930	1,729	168,362	2,197	240,702	3,351	160,022	2,069
Hardwoods	16,411	1,297	16,989	1,236	16,750	1,162	19,149	769	15,012	339	18,043	448	16,805	846	9,538	543
Southern Pine	2,463	101	10,286	425	1,454	67	762	30	371	-	151	-	401	17	50	-
Douglas Fir	34,483	515	57,508	713	43,488	602	23,135	258	9,870	117	38,491	414	82,282	917	39,642	349
Cedar	261,520	5,953	176,379	3,934	115,968	2,542	115,972	2,162	34,943	606	38,599	654	46,602	773	21,481	368
Other Softwoods	116,136	1,670	117,876	1,534	127,866	1,171	106,393	1,087	73,734	667	73,078	681	94,612	798	89,311	809
Sawed Timber	756,966	19,443	699,219	17,531	491,623	12,636	407,290	7,609	295,409	4,321	319,762	4,967	315,157	7,041	170,933	3,936
Southern Pine	160,740	6,751	127,351	5,551	140,430	6,156	88,243	3,274	66,922	2,020	76,510	2,443	88,584	3,946	54,090	2,429
Douglas Fir	556,224	11,262	541,269	10,955	330,758	5,807	302,939	3,861	222,582	2,077	239,491	2,362	221,462	2,871	113,418	1,393
Cedar	2,499	106	854	28	634	26	203	-	1,010	53	802	-	607	28	779	40
Other Softwoods	30,999	895	21,849	498	14,817	334	12,852	338	2,497	54	958	77	1,672	39	1,760	39
Hardwoods	1,618	106	1,988	124	1,235	76	864	45	352	-	285	-	433	18	293	-
So. Pine (Creosoted)	4,133	284	4,389	291	3,283	217	1,379	66	1,789	117	1,586	85	1,800	106	540	35
Other (Creosoted)	753	39	1,519	84	412	20	810	25	257	-	130	-	599	33	53	-
Boards, Planks, Scantlings, (Softwoods)	1,897,043	59,179	1,923,372	62,073	1,365,984	40,244	921,301	21,104	603,099	12,271	662,763	14,682	741,035	20,691	390,043	10,176
Cypress	7,538	492	11,087	638	6,099	356	4,479	221	2,847	142	3,764	179	4,611	254	2,762	137
Douglas Fir (Rough)	703,404	14,914	846,349	18,950	592,719	11,556	410,930	6,233	241,237	3,080	301,968	4,327	322,505	5,721	164,601	2,604
Douglas Fir (dressed)	64,672	1,710	62,497	1,798	45,674	1,204	70,364	1,133	31,889	425	33,045	487	47,435	874	20,281	418
Southern Pine (Rough)	625,213	25,533	597,472	25,137	440,262	17,760	272,666	8,908	230,894	5,985	228,790	6,805	251,043	9,607	136,611	4,818
Southern Pine (dressed)	83,522	3,471	81,570	3,519	60,703	2,431	37,464	1,217	31,660	858	35,038	1,056	42,588	1,544	20,504	722
White, Western, Sugar Pine	32,976	1,911	41,482	2,392	31,733	1,566	34,079	916	14,353	519	17,358	663	28,409	1,101	20,239	760
Cedar	25,645	1,184	16,629	881	9,836	561	9,074	439	4,267	166	5,023	187	5,278	244	2,055	98
Redwood	59,815	3,347	62,280	3,575	28,412	1,512	6,999	347	8,219	311	14,185	495	18,611	793	8,973	410
Spruce	29,004	1,223	27,166	1,391	25,748	991	12,033	540	8,301	431	7,613	302	8,419	388	4,929	189
Hemlock	256,143	5,101	166,548	3,358	118,288	2,076	71,020	1,094	29,287	354	15,825	181	11,956	165	9,055	120
Sm. So. Dim. Stock	4,576	140	5,337	246	1,430	88	190	-	65	-	-	-	-	-	-	-
Other Softwoods	4,535	153	4,955	188	5,080	143	2,003	56	80	-	154	-	180	-	33	-

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(Continued)

TABLE 6 (Continued)

UNITED STATES EXPORTS OF SPECIFIED TIMBER AND LUMBER PRODUCTS (Continued)

	1928		1929		1930		1931		1932		1933		1934		1935 a/	
	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000	Mft.bd.m.	$1,000
Boards, Planks, Scantlings, b/																
(Hardwoods)	461,847	29,625	455,137	30,476	400,415	25,218	317,553	16,297	233,632	9,637	285,511	12,556	274,450	14,969	174,407	8,807
Ash	30,083	2,003	38,781	2,762	41,196	2,857	30,043	1,555	27,849	1,046	35,995	1,441	44,381	2,276	20,752	907
Birch, Beech, Maple	15,179	846	11,746	723	5,416	320	3,355	174	1,425	65	1,204	59	1,574	92	1,106	70
Chestnut	11,449	589	11,258	560	7,022	343	5,908	264	2,312	103	2,332	85	3,991	155	1,833	74
Cottonwood	5,560	318	5,020	281	2,677	116	1,764	76	1,114	47	1,564	75	1,856	84	1,077	44
Gum, Red and Sap	52,285	2,556	46,015	2,274	44,954	2,071	33,551	1,246	22,966	686	25,917	845	23,833	1,023	14,663	559
Gum, Tupelo and Black	7,796	333	7,889	320	6,982	247	6,005	187	5,810	156	11,079	297	9,167	341	6,559	206
Hickory	4,518	451	3,980	423	3,956	375	1,871	187	1,866	182	2,999	237	3,879	349	2,054	204
Oak	229,404	13,600	221,323	13,739	202,947	11,833	175,348	8,354	127,888	5,009	149,717	6,563	120,092	6,356	84,692	4,057
Poplar	38,985	2,324	40,383	2,520	28,167	1,667	21,073	972	16,265	616	21,979	923	22,903	1,123	16,376	733
Walnut	13,019	1,623	13,781	1,781	10,099	1,260	8,792	783	5,476	414	5,684	438	6,783	631	3,504	354
Mahogany	16,010	2,380	16,153	2,339	12,661	1,734	7,534	939	3,285	392	3,048	390	3,086	523	1,987	323
Wagon-Oak Planks	6,853	425	9,701	584	13,724	804	5,944	323	4,459	202	5,832	269	10,032	568	6,687	369
Sm. Hd. Dim. Stock	5,391	550	5,407	627	5,770	621	6,728	651	4,984	362	6,600	463	9,415	798	4,903	486
Other Hardwoods	25,315	1,375	23,700	1,315	14,844	780	9,637	469	7,933	319	11,561	471	12,458	650	8,213	421
Other Sawed Lumber	4,854	252	4,665	228	4,109	190	2,424	117	890	38	-	-	-	-	-	-
Box Shooks	107,515	4,453	98,696	3,490	77,801	2,902	27,660	1,409	17,301	490	5,364	168	10,815	311	6,122	166
Southern Pine	15,373	1,992	12,533	577	12,474	571	10,172	433	7,079	237	1,740	58	404	-	1,098	40
Hemlock	67,611	125	64,881	1,903	42,151	1,222	14,351	410	5,537	142	2,084	43	7,335	181	2,331	44
Spruce	4,322	300	1,597	66	1,453	69	1,169	39	776	33	-	-	-	-	-	-
Gum	5,261	661	6,613	359	3,378	169	1,968	88	903	39	997	43	1,293	67	744	41
Other Hardwoods	14,933	1,375	13,056	585	14,844	871	9,637	439	7,933	39	11,561	43	12,458	63	8,213	41
Hardwood Flooring	15,300	986	16,139	1,150	12,518	899	13,892	801	5,654	299	7,079	418	7,569	566	830	64
Railroad Ties c/	124,894	3,574	151,366	4,334	49,928	1,641	63,961	1,367	32,816	573	60,343	824	97,655	1,773	61,636	1,082
Hardwood	8,873	281	17,441	470	4,753	161	1,288	46	1,057	47	158	-	335	-	1,031	38
Softwood	88,469	2,088	108,405	2,579	29,269	683	46,194	657	25,365	291	52,527	567	78,132	1,075	54,098	790
Creosoted	27,552	1,205	25,519	1,285	15,907	797	16,480	664	6,393	235	7,698	257	19,188	685	6,507	254

a/ Seven Months, January to July 1935, Inclusive.
b/ Boards, Planks, and Scantlings (Hardwoods) includes Mahogany.
c/ Railroad Ties converted at 30 bd.ft. per tie.

Source: Foreign Commerce and Navigation of the United States.

CHAPTER III

HARDWOOD EXPORTS

The United States is the largest exporter of Temperate Zone Hardwoods, the principal item of which is oak. Efforts have been made to accumulate the necessary date to compile a table showing the world hardwood export market, similar to that compiled for softwood, table # 4. Due to the short time available and the problem of collecting and translating all the information from the various importing countries, only a start has been made on this compilation which, therefore, cannot be included in this report. However, the table on imports into the United Kingdom, the largest market, illustrated the dominant position of this country in the hardwood trade. While some trade has been lost to Canada because of the British preferential tariff, which became effective in 1932, the loss was not nearly as serious as with softwood, primarily because Canada cannot supply the species and quality of hardwoods which the United Kingdom demands. The only other countries entering into competition with the United States are Poland and Japan. The amount of oak available in Japan is limited and should not be a large factor for any long period of time.

Practically all hardwoods shipped in export come from the Appalachian and Southern regions of the United States. Differing from softwoods, there is no material difference in cutting hardwoods for the domestic market or for export and until the product is shipped there is no way of knowing whether the hardwood lumber will be sold in the domestic market or shipped as export.

Statistical data would indicate that exports of hardwoods were not definitely affected by code provisions. Production control was in effect in all hardwood producing areas and in estimating consumption, the probable amount of export shipments was included in the quota. Just what effect this had on export trade is uncertain, although it is generally conceded by the manufacturers that it was a stabilizing factor. As it is impossible to segregate domestic production and export at hardwood mills, the product being identical, any other course would have been impossible of administration.

TABLE 7

HARDWOODS: IMPORTS INTO UNITED KINGDOM, TOTAL, AND BY COUNTRIES

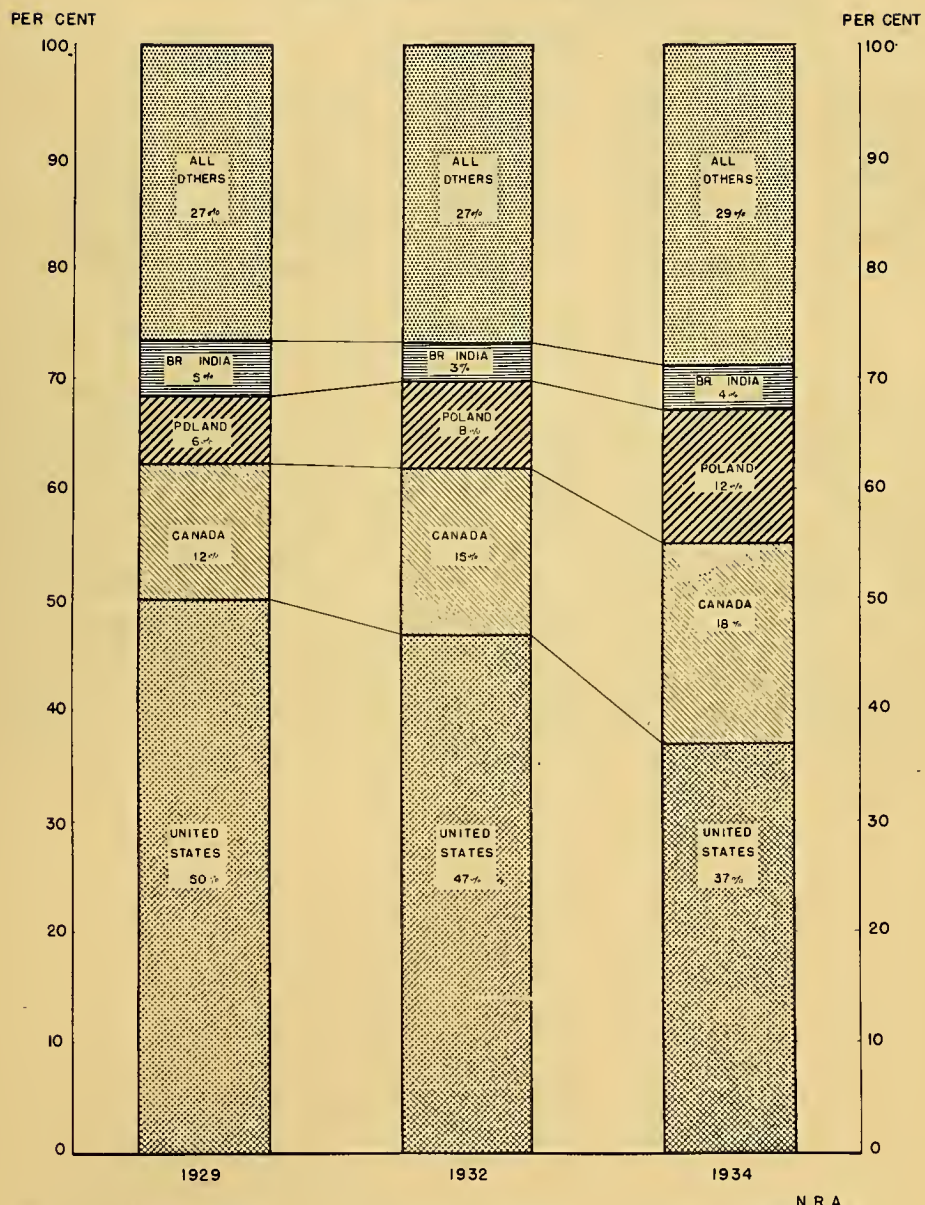
Country	1929		1930		1931		1932		1933		1934	
	M ft. b.m.	Per cent of total	M ft. b.m.	Per cent of total	M ft. b.m.	Per cent of total	M ft. b.m.	Per cent of total	M ft. b.m.	Per cent of total	M ft. b.m.	Per cent of total
Total	466,043	100	456,501	100	359,809	100	350,911	100	351,740	100	434,645	100
United States	232,439	50	235,109	52	181,309	50	164,485	47	154,663	44	159,456	37
Canada	57,662	12	47,166	10	43,395	12	51,980	15	60,720	17	78,708	18
Poland	29,382	6	31,814	7	29,105	8	28,262	8	39,904	11	50,340	12
British India	23,682	5	20,837	5	11,742	3	10,217	3	10,336	3	16,464	4
Africa (Fr. Poss.)	10,208	2	10,382	2	7,077	2	5,512	2	3,099	0.9	-	-
Irish Free State	9,176	2	5,132	1	2,946	0.8	2,632	0.8	1,836	0.5	-	-
Nigeria	9,047	2	6,544	1	3,961	1	4,987	1	4,452	1	-	-
Japan	8,465	2	10,894	2	7,041	2	15,684	4	15,169	4	15,108	3
Australia	7,900	2	12,044	3	10,313	3	13,399	4	7,696	2	8,256	2
Yugoslavia	6,095	1	8,598	2	9,233	3	7,517	2	11,120	3	2,736	0.6
France	4,099	0.9	2,722	0.6	2,442	0.7	1,145	0.3	1,132	0.3	-	-
Russia	3,056	0.7	2,396	0.5	4,193	1	4,098	1	1,995	0.6	-	-
Latvia	1,713	0.4	1,281	0.3	1,080	0.3	185	0.05	190	0.05	-	-
All others	63,119	14	61,582	13	45,972	13	40,808	12	39,428	11	103,577	24

"The Trade of the United Kingdom with Foreign Countries and British Countries"- 1929 - 1934 inc.

Note: Converted from cubic feet at 12 bd. ft. per cubic foot.

CHART B

HARDWOODS
TOTAL EXPORTS TO THE UNITED KINGDOM
BY PRINCIPAL COUNTRIES
1929, 1932, AND 1934



SOURCE "TRADE OF THE UNITED KINGDOM"

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CHAPTER IV

SOFTWOOD EXPORTS

UNITED STATES SHARE OF WORLD TRADE

In 1929, the United States led the world in total volume of lumber and sawn timber softwood exports. By 1934 it had fallen to fifth place.

Leading Softwood Lumber Exports Countries

Year	1	2	3	4	5
1929	U. S.	Sweden	Finland	Russia	Canada
1930	Russia	U. S.	Sweden	Finland	Canada
1931	Russia	U. S.	Finland	Sweden	Canada
1932	Russia	Sweden	Finland	U. S.	Canada
1933	Russia	Finland	Sweden	U. S.	Canada
1934	Finland	Russia	Sweden	Canada	U. S.

Source: See Table - World Imports and Exports - pg. 15.

United States exports of softwoods and their manufactures, exclusive pulp and pulp products, rose steadily in value during the year 1926 to 1929, declining 29 per cent from 1929 to 1930, and 67 per cent from 1930 to 1932. From this low point it had gained 60 per cent by 1934, still a loss of 30.5 per cent the peak in 1929. At the same time the world market, as represented by total imports, fell 36.5 per cent from 1929 to 1932, but by 1934 had risen to a point 27.5 per cent below the 1929 figures. The accompanying chart shows the United States' share of the softwood trade of the principal importing countries in relation to the five principal exporting countries for the years 1929, 1932 and 1934. In addition, table # 8 gives the total quantity of United States' softwood exports and the percentage of that quantity in the world trade.

TABLE 8.

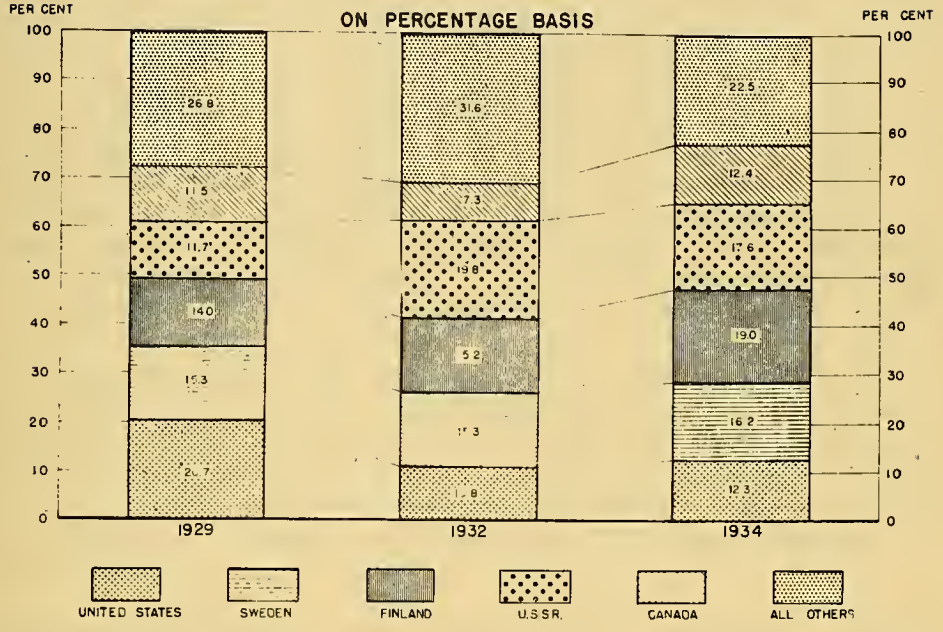
SOFTWOOD EXPORTS: UNITED STATES SHARE OF WORLD MARKET

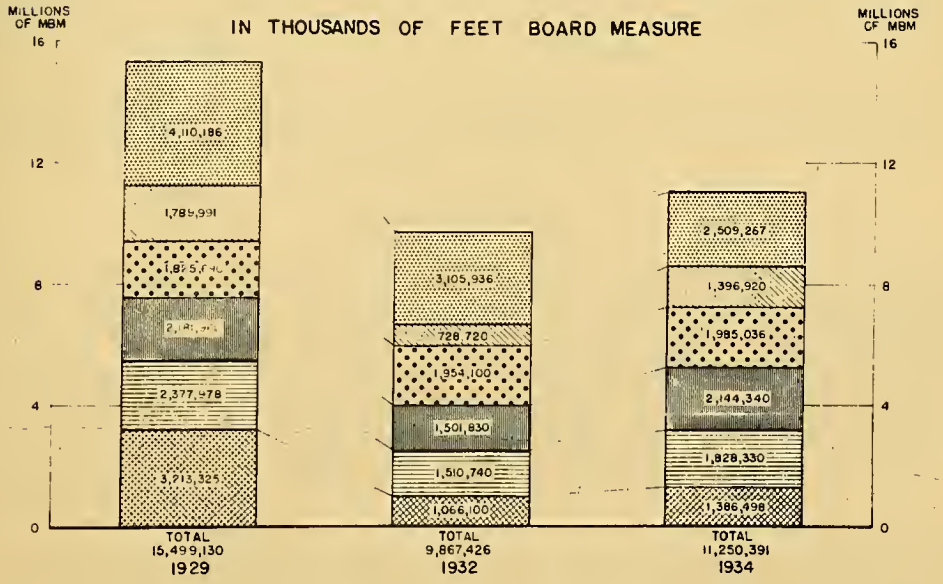
Year	United States	Per Cent of total	All other countries	Per cent of total	World Total	Per cent of total
			(M ft. b. m.)			
1929	3,213,325	20.7	12,285,805	79.3	15,499,130	100
1930	2,268,855	19.9	11,398,150	80.1	14,667,005	100
1931	1,664,778	15.6	8,998,078	84.4	10,662,856	100
1932	1,066,100	10.8	8,801,326	89.2	9,867,426	100
1933	1,197,152	10.8	9,880,130	89.2	11,077,282	100
1934	1,386,498	12.3	9,863,893	87.7	11,250,391	100

Source: See Table - World Imports and Exports, page - 15.

CHART C

SOFTWOODS
WORLD EXPORTS BY PRINCIPAL COUNTRIES
1929, 1932 AND 1934





SOURCES: FOREIGN COMMERCE AND NAVIGATION OF THE UNITED STATES AND SIMILAR OFFICIAL STATISTICAL PUBLICATIONS OF SWEDEN, FINLAND, RUSSIA, CANADA, ETC.

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CHAPTER V

PRINCIPAL IMPORTING COUNTRIES

Statistics of the Bureau of Foreign and Domestic Commerce covering exports reveal that lumber is exported from the United States to eighty-four countries. A detailed analysis of these same statistics indicated that the shipments to eight of these countries constituted 67 per cent of the total United States' softwood exports. As the limits on time and personnel available prohibit a detailed report on each of these countries, it has been decided that an analysis of our softwood trade with these eight principal importing countries would give a fair perspective of our export trade and its problems in the world market. While undoubtedly this does not present the entire picture, as many different factors affect each market, an analysis of these eight markets will illustrate the problem.

These eight major markets are the United Kingdom, Japan, China, Canada, Argentina, Italy, Belgium and Germany. Of these, the United Kingdom and China have been selected for various reasons hereinafter disclosed. In addition, the Australian market will also be reviewed because of a particular problem affecting that market. These selections were made because these three countries present three distinct types of problems as follows:

1. The United Kingdom - the largest import country in the world.

2. China - a free market; that is to say, open to our competitors on the same terms as ourselves.

3. Australia - because of the influence of the British preferential tariffs on this market.

United Kingdom

Softwood imports into the United Kingdom in 1934 constituted 39 per cent of the world market, exceeding the next largest importing country, Holland, which latter country represented 7 per cent of the world market, by the large figure of 32 per cent. The accompanying chart, # D, gives the total softwood imports in the United Kingdom and the United States' share for the years 1929, 1932 and 1934. Great Britian has little commercial forest and it is necessary that practically all of her requirements must be imported.

The principal countries competing for the softwood market in Great Britian are the United States, Canada, Russia, Finland and Sweden. The increase in the United Kingdom market in the last three years is due to the government sponsored and encouraged building and rehabilitation program which has been going on at the rate of about 35,000 domiciles annually. The current program of the Board of Trade for the next five years is 50,000 domiciles annually, which would indicate a further increase in imports in this primary market.

As far as softwood shipments are concerned, it would appear that the

TABLE 9

UNITED STATES EXPORTS OF SPECIFIED LUMBER AND TIMBER PRODUCTS TO PRINCIPAL IMPORTING COUNTRIES, 1933 - 1934

	UNITED KINGDOM		JAPAN		CHINA		CANADA		ARGENTINA		ITALY		BELGIUM		GERMANY	
	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000	M ft.bd.M	$1,000
1934																
Total	283,227	14,169	302,779	3,665	301,246	3,415	98,123	3,085	97,558	2,896	56,260	2,418	42,849	1,583	29,947	1,366
Logs-Hewn Timber	1,150	28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hardwoods	-	-	2,265	15	2,546	17	-	-	-	-	-	-	-	-	-	-
Softwoods	1,150	28	134,833	1,495	32,411	190	42,358	578	-	-	188	4	103	8	1,281	38
Sawed Timber	26,232	1,218	135,843	1,636	-	-	-	-	-	-	-	-	-	-	-	-
Hardwoods	57	2	-	-	-	-	253	10	-	-	-	-	-	-	-	-
Softwoods	26,175	1,216	135,843	1,636	48,898	595	1,920	46	2,175	93	20,449	745	1,865	56	1,577	68
Boards, Planks and Scantlings	250,258	12,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hardwoods	194,307	10,411	313	78	8	2	28,860	1,601	2,524	157	8,115	402	5,553	263	1,869	186
Softwoods	55,951	2,080	26,785	397	149,528	1,729	24,530	839	92,859	2,646	27,463	1,265	35,223	1,248	25,022	1,062
Other Sawed Lumber	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34	3
Box Shooks	60	1	-	-	4	1	89	4	-	-	-	-	30	2	-	-
Hardwood Flooring	5,444	430	-	-	18	2	113	7	-	-	45	2	75	6	164	9
Railroad Ties	83	1	2,740	44	67,833	879	-	-	-	-	-	-	-	-	-	-
1933																
Total	305,516	12,105	313,347	3,504	226,931	1,883	55,328	2,118	79,842	1,752	57,032	1,818	52,322	1,583	33,167	1,202
Logs-Hewn Timber	2,459	134	99,309	1,374	8,170	51	13,011	217	300	5	439	30	628	25	3,797	190
Hardwoods	2,002	111	2,350	17	7,170	46	263	8	-	-	169	20	28	2	1,449	147
Softwoods	457	23	96,959	1,357	1,000	5	12,748	209	300	5	270	10	600	23	2,348	43
Sawed Timber	31,171	1,006	174,643	1,636	37,923	327	1,272	59	910	17	22,335	610	1,846	37	1,045	32
Hardwoods	152	5	4	2	-	-	81	4	-	-	8	1	-	-	-	-
Softwoods	31,019	1,001	174,639	1,634	37,923	327	1,191	55	910	17	22,327	609	1,846	37	1,045	32
Boards, Planks and Scantlings	266,584	10,643	39,395	494	123,271	1,032	38,939	1,696	78,610	1,729	34,258	1,178	49,741	1,513	28,305	979
Hardwoods	202,425	8,844	132	25	-	-	24,782	1,240	2,602	148	9,505	316	11,599	426	1,230	98
Softwoods	64,159	1,799	39,263	469	123,271	1,032	14,157	456	76,008	1,581	24,753	862	38,142	1,087	27,075	881
Other Sawed Lumber	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Box Shooks	141	3	-	-	-	-	102	3	-	-	-	-	-	-	-	-
Hardwood Flooring	5,161	319	-	-	-	-	115	5	-	-	-	-	107	8	20	1
Railroad Ties	-	-	-	-	57,557	473	1,889	138	22	1	-	-	-	-	-	-

Source: "Foreign Commerce and Navigation of the United States" 1933-1934 - Department of Commerce.

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TABLE 10

Softwoods: Exports from British Columbia and Oregon-Washington to United Kingdom

Month	1929 British Columbia	1929 % of total	1929 Oregon-Washington	1929 % of total	1930 British Columbia	1930 % of total	1930 Oregon-Washington	1930 % of total
	(In thousand board feet measure)							
Total	69,904	20	284,384	80	98,038	24	305,807	76
January	3,494		14,611		4,742		21,419	
February	2,066		8,414		6,751		17,386	
March	7,132		25,611		5,121		26,023	
April	3,422		17,451		6,185		41,739	
May	5,227		23,470		10,390		34,867	
June	3,975		30,237		[h] 10,405		[h] 38,645	
July	10,487		26,516		5,278		22,168	
August	6,179		30,458		12,816		25,011	
September	9,786		27,992		12,952		22,962	
October	6,094		25,449		9,913		16,817	
November	7,205		26,272		7,070		19,487	
December	4,837		27,093		6,415		19,103	

Month	1934 British Columbia	1934 % of total	1934 Oregon-Washington	1934 % of total	1935 a/ British Columbia	1935 % of total	1935 a/ Oregon-Washington	1935 % of total
Total	455,696	92	37,115	8	280,498	94	16,622	6
January	[b] 42,565		[b] 3,553		33,451		1,972	
February	[c] 42,543		[c] 3,682		26,611		2,406	
March	40,234		3,900		28,130		3,312	
April	[e] 34,921		[e] 3,785		32,835		3,119	
May	[f] 30,266		[f] 1,373		[g] 49,520		[g] 1,958	
June	32,329		228		30,005		217	
July	[k] 45,614		[k] 1,119		36,065		755	
August	38,714		5,742		43,881		2,883	
September	29,581		4,297		-		-	
October	38,978		2,512		-		-	
November	40,454		3,503		-		-	
December	39,497		3,421		-		-	

Month	1931 British Columbia	1931 % of total	1931 Oregon-Washington	1931 % of total	1932 British Columbia	1932 % of total	1932 Oregon-Washington	1932 % of total	1933 British Columbia	1933 % of total	1933 Oregon-Washington	1933 % of total
	(In thousand board feet measure)											
Total	81,356	45	98,397	55	108,315	71	43,339	29	271,072	83	55,535	17
January	3,190		10,161		2,442		5,368		6,869		4,466	
February	6,277		7,045		3,926		2,663		8,553		3,199	
March	6,179		10,075		[d] 6,634		[d] 4,039		11,118		3,967	
April	2,240		9,347		12,295		4,395		11,620		5,290	
May	9,232		9,837		11,506		4,240		15,763		5,070	
June	10,133		8,971		[i] 13,002		[i] 4,359		24,918		6,439	
July	14,951		7,725		14,751		3,161		[j] 22,426		[j] 7,010	
August	10,059		8,082		4,225		2,539		[l] 28,061		[l] 5,012	
September	5,313		8,545		9,168		1,865		29,326		3,191	
October	1,948		5,938		10,297		3,651		27,181		4,924	
November	3,913		5,897		[m] 7,264		[m] 3,441		39,670		2,671	
	[n] 7,921		[n] 6,774		12,805		3,618		45,585		4,290	

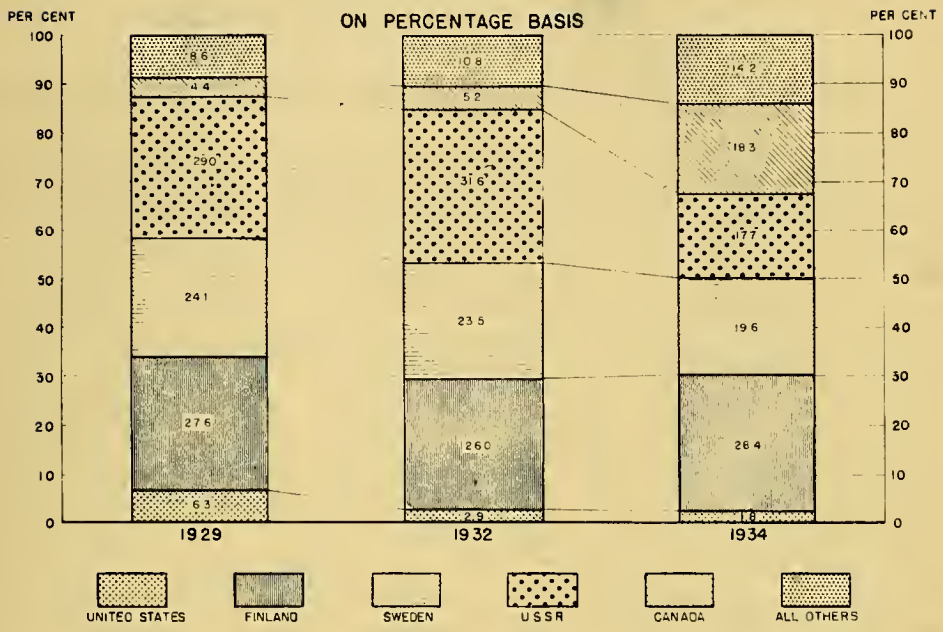
a/ January to August, 1935, inclusive.
b/ United States off gold standard on January 31, 1934.
c/ Loggers of British Columbia were on strike during February, 1934
d/ British Empire Preferential Tariff became effective on March 15, 1932.
e/ Pound Sterling started an upward trend in November, 1932, reaching and exceeding the normal rate in April, 1934, in which month it rose to 5.1342.
f/ Strike of Longshoremen began May 9, 1934.
g/ Code abandoned on May 27, 1935.
h/ Hawley,-Smoot Tariff became effective on June 18, 1930.
i/ Revenue Act of 1932 became effective on June 21.
j/ Canadian Currency started an upward trend in July, 1933, reaching its normal value.
k/ Strike of Longshoremen ended July 29, 1934.
l/ Code approved on August 19, 1933.
m/ Pound Sterling reached a low of 3.2752 in November, 1932.
n/ Canadian Currency reached a low rate of .804558 on December 16, 1931.

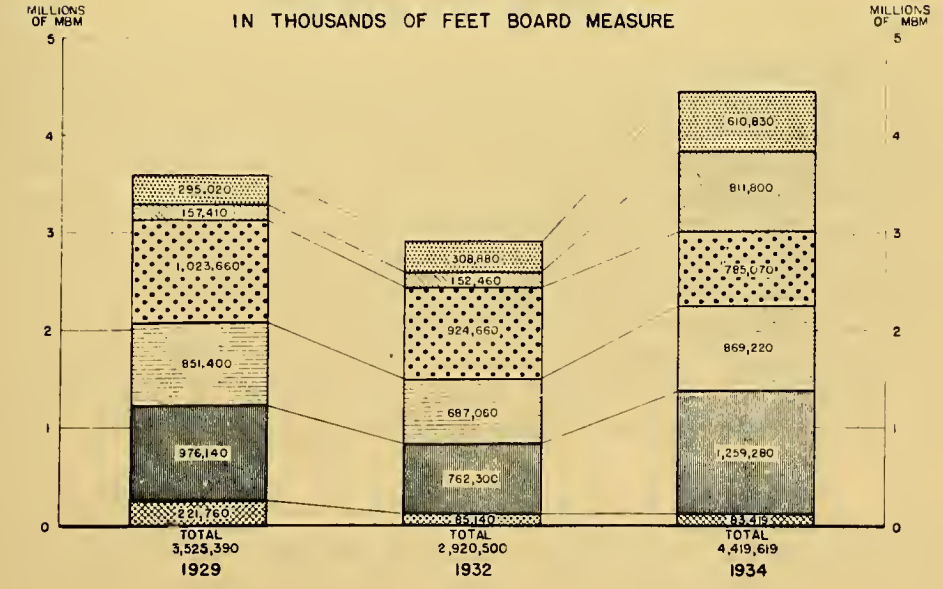
Source of Statistics: Pacific Lumber Inspection Bureau

CHART D

SOFTWOODS

EXPORTS OF LUMBER AND SAWN TIMBER TO THE UNITED KINGDOM, BY PRINCIPAL COUNTRIES 1929, 1932 AND 1934





SOURCES: BRANDT, LONDON
FOREIGN COMMERCE AND NAVIGATION OF THE UNITED STATES
COMMERCE OF CANADA
FOREIGN TRADE OF U.S.S.R. FOR FIRST 5-YEAR PLAN
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United States has relatively lost ground in the last few years.

The accompanying table, # 10, which gives the monthly shipments from the States of Washington and Oregon, and the Province of British Columbia, illustrates the competitive situation during the past six and one-half years, and indicates the principal factors affecting the market for American species in the United Kinghom.

Influence of Russian and Baltic Shipments in the United Kingdom Market

Other factors have had their influence, particularly Russian shipments from the White and Kara Seas. Following the establishment of the five-year plan in Russia, softwood shipments to the United Kingdom increased by leaps and bounds, at prices which were largely now competitive as far as the United States and Canada were concerned. On representations from the Canadian Government, and in retaliation for Communistic activities in the United Kingdom, an embargo was placed by Great Britian on lumber shipments from Russia in 1933, which was later ameliorated to permit the import of Russian lumber on a quota basis. Contracts have been made annually subsequent thereto, which has definitely predetermined the amounts of softwood lumber to be admitted to the United Kingdom from Russia. The exports of Finland to the United Kingdom have risen materially through pressure to maintain its trade balance, by the sale of this one readily convertible natural resource. The production of Swedish lumber is on a national sustained yield basis and there is little chance of a substantial increase in production in that country, hence an increase in its export.

Competition with Canada

Shipments to the United Kingdom from the United States have not maintained their relative position, the principal change coming at the time the British preferential tariff became effective in March, 1932. Total shipments from the West Coast in 1932, 1933 and 1934, however, aggregate far in excess of any previously recorded shipments, so that whatever the cause, obviously the increase in shipments from British Columbia were not all at the expense of the United States' manufacturers. Such factors as exchange rates, the establishment of quotas for Russian lumber, and active trade promotion through a British Columbia lumber trade commissioner in the United Kingdom, all had their effect. From every indication the swing to Canada had commenced before the Lumber Code or NRA and monthly shipment figures would not indicate any material change following the abandonment of the code in May, 1935.*

Another important factor in the United Kinghom market has been the trent by that country towards using cheaper grades of lumber in building construction and the significance of this trent should be kept in mind. The bulk of the lumber used today for building construction in the United Kingdom is so-called "fifth grade". This grade of cheaper lumber is more readily available in quantity in Russia, Sweden and Finland and more recently Poland and Latvia than in either the United States or Canada, as the type of timber manufactured into lumber in North America runs on the

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* See Chapter X, Page 57 discussion of the effect of code provisions on export trade.

TABLE 11.

SOFTWOOD EXPORTS: UNITED STATES AND CANADIAN SHARE OF UNITED KINGDOM MARKET

Year	United States	Per Cent of total	Canada	Per cent of total	Total U.K. Import	Per cent of total
			(M ft. b. m.)			
1929	221,760	6.3	157,410	4.5	3,525,390	100
1930	253,440	7.7	163,350	5.0	3,276,500	100
1931	158,400	5.2	108,900	3.6	3,018,510	100
1932	85,140	2.9	152,460	5.2	2,920,500	100
1933	95,776	2.5	409,860	11.0	3,804,316	100
1934	83,419	1.9	811,800	18.0	4,419,619	100

Source: See Table - World Imports and Exports page - 15.

average to a much higher grade. As this is a more or less new development, its ultimate effect on this important market can only be conjectured.

The effect of exchange rates and tariff provisions should receive a great deal more detailed study, as unquestionably they are the dominant factors in this competitive market.

CHINA

In terms of softwood lumber imports, China, in 1934, was the sixth largest market in the world. China obtains practically all its needs from the United States, Canada and Russia. In 1934, China was our second largest customer, being only exceeded by Japan, and it purchased more softwood lumber from the United States than from any other nation.

It is a market which has remained open on a competitive basis and as such is a clearer index of the effect of code provisions on export trade than that of almost any other country. Shipments from Washington, Oregon, and British Columbia to China, shown in table # 12, represent the bulk of the business and are, therefore, indicative of the trent. The increase in total shipments from British Columbia in 1932 and 1933 is probably attributable to more favorable exchange rates.

Also attached is a bar chart, # E , revealing the percentages and trends of our competitors in this market.

Up to November, 1935, China's monetary system was based on a silver standard, and therefore subject to fluctuation in accordance with the price of silver. Statistics of Chinese foreign trade bears evidence that the value of such trade fluctuates inversely to the price of silver.

With the low prices of silver in 1929 to 1933, trade in and with China had a boom, wholesale price indices of commodities rising as the price of silver fell, leading to speculation in commodities and real estate. When silver prices in the world market started to rise in 1933, this trend was reversed in China and wholesale price indices started to fall, with the resultant tendency to convert commodities and real estate into money (silver). Deflation set in and, as the price of silver rose, the country was plunged into depression, values falling so that eventually frozen assets in the form of loans on high values established during the boom caused the failure, early in 1935, of many important banks.

While internal conditions in China are chaotic and uncertain, complicated by Japanese penetration into Manchuria and North China, there is little doubt that silver has been and is, one of the dominating factors affecting commerce and foreign trade. Obviously, a detailed study of silver and its relationship to the China market would take more time than is warranted in the short time available. However, as previously pointed out such factors affect all countries selling to China, and thus study of the Chinese lumber trade throws more light on the effect of external factors, such as the Lumber Code provisions than study of the trade of any other important lumber importing country.

TABLE 12

Softwoods: Exports from British Columbia and Oregon-Washington to China

Month	1929 British Columbia	1929 % of total	1929 Oregon-Washington	1929 % of total	1930 British Columbia	1930 % of total	1930 Oregon-Washington	1930 % of total
	(In thousands M ft. b.m.)							
Total	43,323	11	334,652	89	55,224	21	212,285	79
January	2,529		11,636		5,664		12,694	
February	1,407		15,236		1,725		15,352	
March	2,826		47,245		3,962		11,281	
April	1,453		29,859		3,921		18,153	
May	2,099		31,069		4,708		21,180	
June	1,122		28,170		i/ 3,766		i/ 21,462	
July	3,736		31,614		10,511		35,401	
August	7,277		45,783		5,616		11,642	
September	7,414		41,323		7,052		19,473	
October	5,433		29,782		3,846		9,801	
November	2,031		15,927		1,231		12,228	
December	5,996		6,994		3,222		23,618	

Month	1931 British Columbia	1931 % tot.	1931 Oregon-Washington	1931 % tot.	1932 British Columbia	1932 % tot.	1932 Oregon-Washington	1932 % tot.	1933 British Columbia	1933 % tot.	1933 Oregon-Washington	1933 % tot
	(In thousands M ft. b.m.)											
Total	53,854	15	314,477	85	53,341	29	131,652	71	130,597	34	253,518	66
January	1,594		15,847		3,201		19,620		8,823		9,430	
February	2,683		23,884		10,062		6,785		8,115		15,807	
March	2,276		19,751		d/ 801		d/ 7,620		8,103		27,398	
April	6,576		20,513		-		5,419		8,145		28,266	
May	5,622		35,979		1,115		12,971		12,512		29,851	
June	5,486		43,473		j/ 2,663		j/ 10,443		11,208		35,737	
July	7,467		38,467		3,942		6,979		9,451		24,406	
August	4,908		31,210		6,657		17,136		m/ 18,036		m/ 25,634	
September	3,679		24,335		4,021		11,886		8,585		18,121	
October	5,870		27,740		8,646		12,439		16,228		12,948	
November	3,979		17,595		n/ 4,198		n/ 9,659		o/ 12,131		o/ 12,921	
December	p/ 3,714		p/ 15,683		8,035		10,605		11,160		12,999	

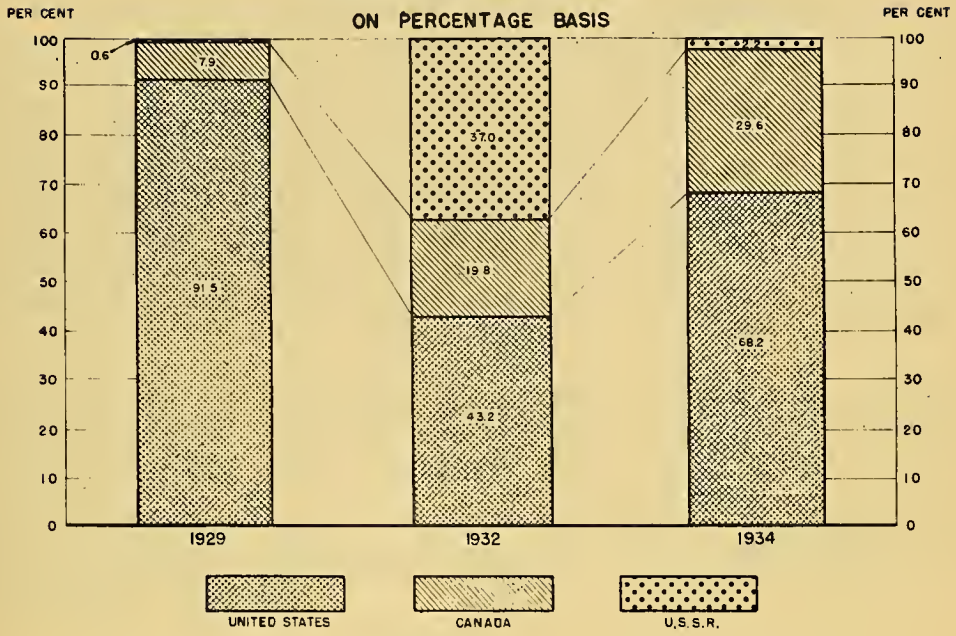
Month	1934				1935 a/			
Total	107,729	24	342,941	76	56,250	24	174,289	76
January	b/16,265		b/ 12,861		7,244		29,656	
February	b/12,363		c/ 29,118		15,313		55,641	
March	8,960		38,099		e/ 8,277		e/ 19,282	
April	f/10,543		f/ 44,085		6,368		34,664	
May	g/ 7,776		g/ 15,466		h/ 7,054		h/ 14,746	
June	k/10,040		k/ 1,545		2,019		5,521	
July	l/ 8,015		l/ 5,490		3,646		12,205	
August	6,640		53,342		6,339		2,574	
September	1,655		23,340		-		-	
October	11,898		22,372		-		-	
November	9,703		45,677		-		-	
December	4,071		51,546		-		-	

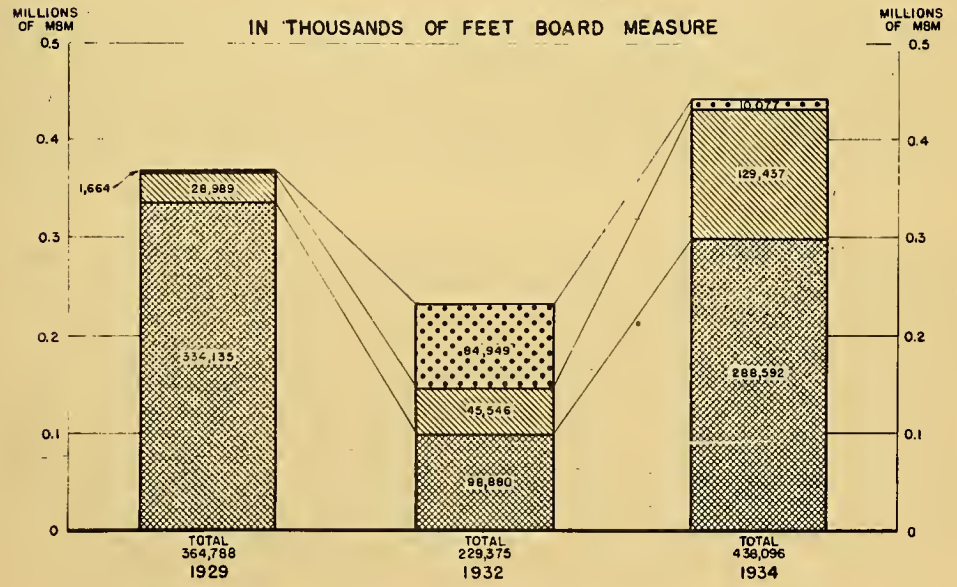
a/ January to August, 1935, inclusive.
b/ United States off gold standard on January 31, 1934.
c/ Loggers of British Columbia were on strike during February, 1934.
d/ British Empire Preferential became effective on March 15, 1932.
e/ Failure of several large banks in China.
f/ Pound Sterling started an upward trend in November, 1932, reaching and exceeding the normal rate in April, 1934, in which month it rose to 5.1342
g/ Strike of Longshoremen began May 9, 1934.
h/ Code abandoned on May 27, 1935.
i/ Hawley-Smoot Tariff became effective on June 18, 1930.
j/ Revenue Act of 1932 became effective on June 21.
k/ Silver Purchase Act became effective on June 19, 1934.
l/ Strike of Longshoremen ended July 29, 1934.
m/ Code approved on August 19, 1933.
n/ Pound Sterling reached a low rate of 3.2752 in November, 1932.
o/ Canadian Currency returned to its normal value in November, 1933.
p/ Canadian Currency reached a low rate of .804558 on December 16, 1931.

Source of Statistics: Pacific Lumber Inspection Bureau

CHART I

SOFTWOODS
EXPORTS OF LUMBER AND SAWN TIMBER TO CHINA, BY PRINCIPAL COUNTRIES 1929, 1932 AND 1934





SOURCES: FOREIGN COMMERCE AND NAVIGATION OF THE UNITED STATES
THE FOREIGN TRADE OF CHINA - MARITIME CUSTOMS
COMMERCE OF CANADA
FOREIGN TRADE OF U.S.S.R. FOR FIRST 5-YEAR PLAN

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Table # 13, on page 36, gives the monthly average value of silver in cents per ounce for the years 1933, 1934 and 1935 at New York and London.

AUSTRALIA

Although Australia is not one of the eight principal important countries, it has been included in this report, primarily, because it illustrates the effect of the British Preferential Tariff on Empire trade. Statistics covering softwood shipments to Australia from Washington, Oregon, and British Columbia, the chief suppliers of softwood lumber, illustrate the effect of the British preferential tariff which caused a decline in our trade from 82 per cent of the total shipped from North America in 1929 to 5 per cent in 1933. While, undoubtedly, exchange rates and other factors caused minor fluctuations in the competitive situation, the dominant factor was the preferential tariff. A similar study and analysis of shipments to other British Dominion markets would probably reveal a similar trend.

Table # 14 , given on page No. 37, gives the exports of softwoods by quantity to Australia from Washington, Oregon and British Columbia during the years 1929-1934 inclusive, and the first eight months of 1935.

A bar chart given on page 38 shows the trend of the lumber exports of the above countries in the Australian market prior and subsequent to the preferential tariff of 1932.

JAPAN

Japan for many years has been our best customer for softwoods, ranging from 765 million feet in 1929 to 297 million feet board measure in 1934. All imports of softwoods into Japan originate from the United States, Canada and Russia. Imports from Russia have fallen very materially in the past few years from a high point of 399 million feet in 1930 to only 13 million feet in 1934.

In recent years, Japan has bought less and less sawn lumber and squares, but has increased her purchases of logs and bolts. A detailed study of this important market should be made an important part of any final report on foreign trade of the lumber industry, because it is one of the few major markets in which we have not lost our relative position during the past six years. Only recently, in retaliation for tariff restrictions on Japanese good into Canada, an embargo was placed on Canadian lumber, with the result that shipments from Washington and Oregon, the principal region of supply, materially increased.* This is probably a temporary condition and Canada is expected to settle its current controversy with Japan and then normal trade relations will be resumed.

OTHER LARGE IMPORTING COUNTRIES

Holland, Germany, Italy, France and Denmark are all large importers but the percentage shipped by the United States to these European countries

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* Table # 9 , Page 26.

is relatively small. Russia, Sweden and Finland supply the bulk of the softwood shipments to these countries. Lack of time to study these major markets does not permit any comment on the controlling factors. In France, import quotas, established with the idea of helping to stabilize the franc, have reduced total imports.

TABLE 13.

SILVER: MONTHLY AVERAGE VALUE AT NEW YORK AND LONDON

(Cents Per Ounce)

	1933		1934		1935	
	Domestic	London	Domestic	London	Domestic	London
Yearly Average	34.73	31.98	47.97	44.53	64.78	59.71
January	25.40	23.64	44.19	40.78	54.40	50.11
February	26.07	24.08	45.23	42.09	54.60	50.39
March	27.93	25.16	45.88	43.04	59.05	54.49
April	30.73	27.50	45.18	42.39	67.79	62.45
May	34.07	31.21	44.23	41.01	74.36	68.97
June	35.66	32.87	45.17	42.03	71.94	66.51
July	37.63	35.50	46.31	43.14	68.22	63.00
August	36.07	33.54	48.99	45.12	66.62	61.04
September	38.44	35.52	49.48	45.55	66.00	60.40
October	38.19	35.41	52.38	48.55	-	-
November	42.97	39.51	54.26	50.43	-	-
December	43.55	39.81	54.39	50.29	-	-

Source: Federal Reserve Board Bulletins

TABLE 14

Softwoods: Exports from British Columbia and Oregon-Washington to Australia

Month	1929 British Columbia	1929 % of total	1929 Oregon-Washington	1929 % of total	1930 British Columbia	1930 % of total	1930 Oregon-Washington	1930 % of total
	(In thousands M ft. b.m.)							
Total	41,494	18	224,632	82	33,017	40	81,903	60
January	347		22,965		7,745		12,275	
February	305		9,774		855		15,165	
March	1,598		21,290		3,807		4,700	
April	3,795		15,551		4,415		9,344	
May	2,431		14,935		4,461		3,403	
June	2,253		21,122		h/ 558		h/ 2,836	
July	817		11,871		1,228		7,804	
August	4,464		25,208		5,616		11,093	
September	5,463		13,546		1,263		10,340	
October	9,359		28,229		1,254		4,374	
November	4,271		25,756		864		2,417	
December	6,391		14,385		951		3,152	

Month	1931 British Columbia	1931 % tot.	1931 Oregon-Washington	1931 % tot.	1932 British Columbia	1932 % tot.	1932 Oregon-Washington	1932 % tot.	1933 British Columbia	1933 % tot.	1933 Oregon-Washington	1933 % tot.
	(In thousands M ft. b.m.)											
Total	50,803	53	26,724	47	125,551	92	10,986	8	123,734	95	6,913	5
January	1,555		3,542		4,372	100	-	0	b/ 7,371	90	b/ 776	10
February	946		684		5,979	98	117	2	3,806	78	1,068	22
March	1,744		3,473		14,262	100	-	0	15,062	95	857	5
April	2,131		3,401		7,389	86	1,162	14	7,331	86	1,211	14
May	2,572		3,989		7,948	71	3,239	29	15,631	96	568	4
June	4,323		3,961		i/11,341	88	i/ 1,590	12	15,569	99	152	1
July	7,260		2,192		17,938	96	780	4	6,511	89	787	11
August	k/ 4,667		k/ 1,641		12,115	100	-	0	l/13,270	99	l/ 176	1
September	8,261		1,484		7,487	83	1,508	17	7,505	99	56	1
October	3,957		1,811		11,459	89	1,392	11	15,948	99	119	1
November	4,268		533		m/15,554	96	m/ 592	4	8,969	91	869	9
December	n/ 9,119		n/ 13		9,707	94	606	6	6,761	96	274	4

Month	1934 British Columbia	1934 % tot.	1934 Oregon-Washington	1934 % tot.	1935 a/ British Columbia	1935 a/ % tot.	1935 a/ Oregon-Washington	1935 a/ % tot.
Total	128,140	90	11,658	10	88,762	82	16,196	18
January	c/ 9,999	100	c/	0	8,017	60	5,314	40
February	d/14,368	96	d/ 607	4	8,081	84	1,536	16
March	10,183	96	450	4	7,988	77	2,335	23
April	e/10,720	90	e/ 1,127	10	12,563	89	1,550	11
May	f/10,816	95	f/ 593	5	g/12,900	83	g/ 2,649	17
June	8,910	96	395	4	13,945	93	970	7
July	j/ 7,006	97	201	3	7,612	99	84	1
August	16,730	76	5,322	24	17,656	91	1,758	9
September	8,479	97	249	3	-	-	-	-
October	9,730	100	-	0	-	-	-	-
November	11,494	91	1,040	9	-	-	-	-
December	9,705	83	1,674	17	-	-	-	-

a/ January to August, inclusive.
b/ Australian Pound Sterling starts an upward trend to normal in January, 1933.
c/ United States off gold standard on January 31, 1934.
d/ Loggers of British Columbia were on strike during February, 1934.
e/ Australian Pound Sterling returned to normal value in April, 1934.
f/ Strike of Longshoremen began May 9, 1934.
g/ Code abandoned on May 27, 1935.
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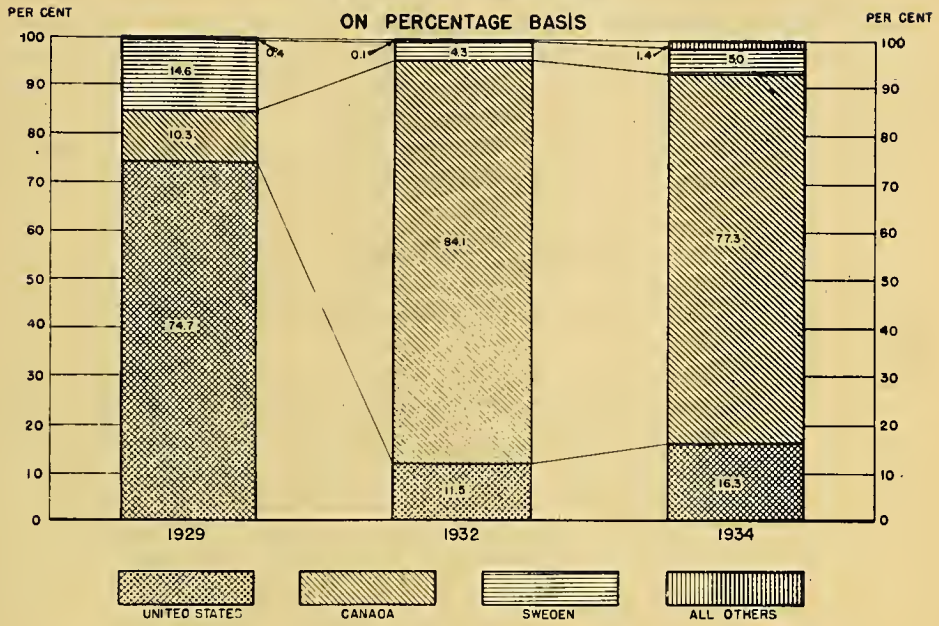
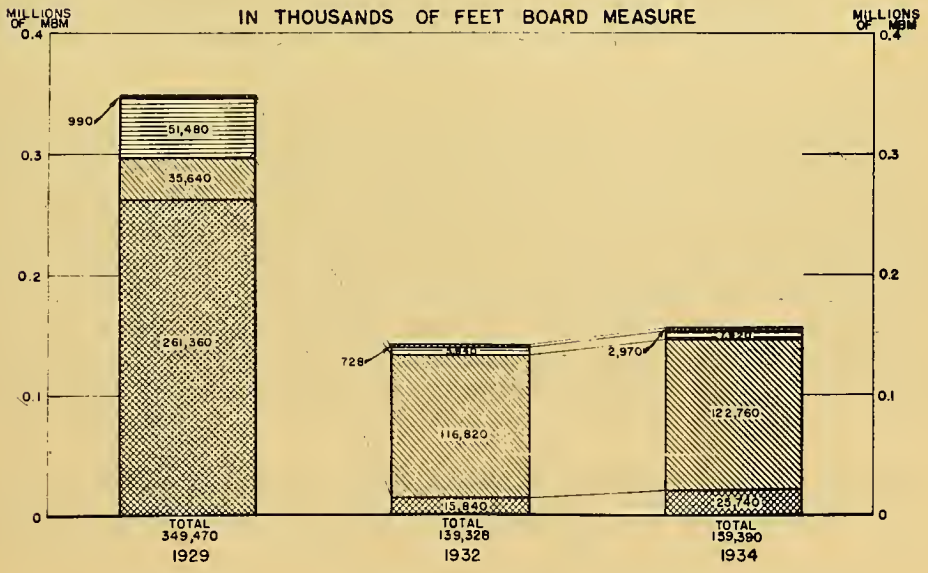
l/ Code approved on August 19, 1933.
m/ Australian Pound Sterling reached a low rate of 2.6210 in November, 1932.
n/ Canadian Currency reached a low rate of .804558 on December 16, 1931.

Source of Statistics: Pacific Lumber Inspection Bureau

CHART I

SOFTWOODS
EXPORTS OF LUMBER AND SAWN TIMBER TO AUSTRALIA, BY PRINCIPAL COUNTRIES 1929, 1932 AND 1934





SOURCE: BRANOT, LONDON
FOREIGN COMMERCE AND NAVIGATION OF THE UNITED STATES
COMMERCE OF CANADA
SVERIGES OFFICIELLA STATISK

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CHAPTER VI

EFFECT OF THE CODE ON U. S. LUMBER EXPORT MARKET

The Lumber Code as approved by the President on August 19, 1933, in addition to labor and fair trade practice provisions, provided for production control under Article VIII and cost protection (minimum prices) under Article IX. (Reference: Approved Code No. 9.) The possible effect of such provisions on export was a matter of conjecture. Actually, as far as specific provisions of the code were concerned, export trade was specifically mentioned in only one instance.

PRODUCTION CONTROL OF EXPORTS

Article VIII, Production Control provided:

> "(a) To effectuate the declared purpose of this code in respect of maintaining a reasonable balance between the production and the consumption of lumber and timber products and to assume adequate supplies thereof, the Authority shall determine, and from time to time revise, not less frequently than each three months, except as hereinafter otherwise provided, estimates of expected consumption, including exports, of lumber and timber products of each division and subdivision; and based thereon it is empowered to establish, and from time to time revise, production quotas for any division or subdivision of the lumber and timber products industries."

The thought of the committee representing the industry in including production for export in quotas was that, with the domestic market protected by quota restrictions and minimum prices, and without some control on export, those mills equipped and in a position to engage in export trade would enter into a mad scramble for such business, even at extremely low prices, in order to increase production and thereby obtain the resultant lowering of overhead costs of all production, including that sold in the protected domestic market. Any such action taken by the manufacturers, with prices considerably below those in the domestic market, might occasion reprisals by importing countries and the invocation of dumping act provisions.

However, in order to insure any operator having a large enough allotment to fill any export order, the code further provided in Article VIII:

> "(h) Whenever in the case of any eligible person it shall be necessary in order to accept and execute orders for export, to have an addition to his regular allotment, provision for such necessary excess shall be made by the Division or Subdivision agency, provided that any excess above his allotment shall be deducted from his subsequent allotment or allotments."

Almost immediately following the approval of the code by the President on August 19, 1933, one large operator on the Pacific Coast

raised objection to the inclusion of export in quota allotments and, following representations to NRA, the Lumber Code Authority was requested by NRA to take some steps to alleviate the situation. At a meeting of the Control Committee in Portland, Oregon, in December, 1933, following a hearing at which the preponderance of the manufacturers present opposed any change but, faced with the possibility that exports would be excluded from production quotas if no action was taken, the committee approved an amendment to the code known as Amendment No. 35: (Reference: Minutes of National Control Committee Meeting, December 12, 1933.)

> "Strike out Section (h) of Article VIII and insert in lieu thereof the following:
>
> '(h) In addition to allotments to eligible persons under other sections of this Article, any such person shall be entitled to a special allotment equal to 50 per cent of his exports during any allotment period as determined by evidence of actual shipment in export trade, and such special allotment may be used during the actual or next succeeding allotment period; Provided, however, that whenever it shall be necessary for any eligible person, in order to accept and execute orders for export, to have an addition to his regular and special allotments, provision for such necessary excess for exportation shall be made by the Division or Subdivision agency, and such excess shall be deducted from his subsequent allotment or allotments over a period of not to exceed six months.'"

The opposition to this proposed amendment was so vigorous that the matter was held in abeyance and laid before the full meeting of the Lumber Code Authority. The principal objection to the proposed amendment was that it would permit any manufacturer selling in export to produce and sell stock in the domestic market in excess of his quota. As the code provided that all mills must be given an equitable allotment based on a definite formula for all mills in a division, such a provision as proposed in the amendment would be inequitable. Following discussion, a special committee on export was appointed by the Chairman of the Authority which, after several extended open meetings, submitted proposals to the Authority which led to the approval of an amendment to the code, later submitted to NRA for approval and known as amendment No. 54, as follows:

> "In Article VIII, strike out Section (h) and substitute therefor the following:
>
> '(h) (1) Whenever in the case of any eligible person it shall be necessary, in order to accept and execute orders for export to have an addition to his regular allotment, provision for such necessary excess shall be made by the Division or Subdivision agency, provided that any excess above his allotment shall be deducted from his subsequent allotment or allotments over a period not to exceed six months.

'(2) For the purpose of maintaining as far as practicable the use of American lumber in foreign markets and to carry out the purposes of the National Industrial Recovery Act, each Division or Subdivision may, at its option, elect in respect of the control of exports within such Division or Subdivision one or more, or none, of the following options:

'A. No eligible person shall be considered to have exceeded his allotment for any period or if the excess above his regular allotment does not exceed 50% of his exports as shown by actual shipment in export trade during the same allotment period.

'B. Any eligible person, at his option, may make application to the agency and be given a classification as an export operator. Such person who is willing to forego any specific portion of his regular allotment, based on the total export and domestic quota, shall be permitted to produce and export twice the portion of this allotment which he has foregone, and no such person shall be considered to have exceeded his allotment if the excess above such allotment does not exceed the amount of export production so registered with the agency.

'C. Any Division or Subdivision may, subject to the special conditions herein, designate certain qualities or items of lumber and timber products, which qualities or items may be produced by any eligible person in excess of his allotment, provided that he furnish satisfactory evidence to the agency of the Authority that such items have actually been exported.'

"Whenever and when under any of the options of this Section any additional allotment is granted to any eligible person for export purposes, such eligible person shall make such reports as the Agency may require periodically, or as often as it may direct to prevent evasion of this Section.

"On Application of a Division or Subdivision, the Authority may authorize the application of any one or more of these options in respect to the export of lumber and timber products."

A hearing was held on this amendment on March 27 and March 30, 1934. (See transcript of hearings on the Lumber and Timber Products Industries, Modification Proposal - March 27, 1934 and March 30, 1934.)

While supported by the large majority of the manufacturers, it was opposed by a small group of large manufacturers on the Columbia River and Coos Bay regions of Oregon. It was charged by these objectors that the code as written acted as an embargo on exports and asked that exports be excluded from quotas. (Transcript of Hearing on Lumber and Timber Products Industries' Amendments, March 30, 1934, page 401.)

A brief filed by one of these companies (Transcript of hearing on the Lumber and Timber Products Industries, March 27, 1934, Supplement No. 4), contains a statement and figures covering competition with Canada in the China market purporting to show that the provisions of the code were swinging the China lumber trade to Canada:

"In the nine months to September 30, 1933, Canada percentage of the China Fir trade was 29.8%.

"From October 1, 1933 to January 31, 1934 (that is before affected by the Canadian loggers' strike), Canada had 51.8%.

"The United States' share had declined from 70.2% to 48.2%.

"Similarly, as to all Douglas Fir export to all countries, before the embargo Canada had 44%; after the embargo 64.4%. The decline in the United States' share after the embargo was from 55.2% to 35.6%.

"The briefs of the two gentlemen are filed with discussion of the British tariff, the U. S. tariff and the greater depreciation of the Canadian dollar. They fail to mention that the British and American tariffs were in full force long before January 1, 1933, and had a negligible effect as between the nine months before the four months after our embargo on export. More significant, they fail to state that while the decline in the American dollar was in full effect after the export embargo, yet the business and employment shifted to Canada thereafter.

"The detail of the above figures is as follows:

Loss of China Fir export business from
Oregon and Washington to British Columbia
After export embargo

	B. C.	Oregon-Wash.	
January	8,923	9,430	
February	8,115	15,807	
March	8,103	27,398	
April	8,145	28,266	
May	12,512	29,851	
June	11,208	35,737	
July	9,451	24,406	
August	16,036	25,634	
September	8,585	18,121	Both
	91,078	214,650	305,728

"Shipments and percentage until export embargo affected orders)	29.8%	70.2%	100%
October	16,228	12,948	
November	12,131	12,921	
December	11,160	12,999	
January	16,265	12,861	Both
	55,784	51,729	107,513
"Shipments and percentage from embargo to B. C. strike	51.8%	42.2%	100%

"Loss of total Fir business to all countries from U. S. to Canada after export embargo:

Jan. 1 to Sept. 30) effective date embargo	419,596	516,951	136.54%
	44.8%	55.2%	100%
Oct. 1, 1933 to Jan. 31, 1934 to Canadian strike	298,983	166,150	464,133
	64.4%	35.6%	100%

"It is arguable that the higher wages and shorter hours of the United States mills are factors in the above shift of export trade from the United States to Canada. Then there is still less excuse for denying freedom to the really competent low cost exporters to save such remnants of the American export trade to China, and elsewhere, for themselves and for United States labor, as their more efficient fighting power enables them to do."

It is interesting to note that this amendment was never approved by NRA because the Legal Division would not approve further discretionary powers being granted to the Authority and the Division of Research and Planning held the opinion that export should be specifically excluded from quotas. To these proposals the Authority time and again refused to accede. The result of this long drawn out controversy was that the provisions of the code regarding export remained unchanged up to the time the code was abandoned in May, 1935. An examination of the shipments to China from Washington and Oregon, and British Columbia, during all this period and subsequently (See Table # 12, page 32) proves the danger of using statistical data covering a short period of time as an index of a definite trend.

The subsequent figures do not substantiate the claims of the objectors to these code provisions, as in 1934, after Canadian currency returned to approximately its normal exchange rate with the U. S. dollar, the competitive situation swung in favor of the United States.

Of the total business, in 1933, British Columbia secured 34% and Washington and Oregon 65%; in 1934, British Columbia secured 24% and Washington and Oregon 76%. In the first nine months of 1935, British

Columbia shipments constituted 24% of the business, while Washington and Oregon shipped 76%.

From the figures available, it is not possible to reach a precise conclusion as to the extent to which the provisions of the lumber code affected the volume of trade, apart from other factors, such as tariffs, embargoes, quotas and exchange rates.

PRICE CONTROL OF EXPORTS

While it was the belief of the Lumber Code Authority that it was empowered under the code to establish export prices, no such prices were put into effect, because the necessity of meeting foreign competition required rapid adjustment and change, which were not possible under the code provision requiring ten days' notice of change. An attempt was made to remedy this objectionable feature and permit the establishment of minimum export prices. An amendment, known as Amendment No. 49, quoted below, was submitted to NRA:

> "Amendment No. 49. In Article IX add the following new Section after Section (j):
>
> "(k) Any Division or Subdivision may, subject to the disapproval of the Authority, establish, revise and modify minimum prices and differentials, and rules and regulations pertaining thereto, applying to export sales, sales for export and sales for resale for export, for any or all of the products under its jurisdiction, to become effective at the expiration of 48 hours or more, as specified, from date of issuance of notice thereof to persons subject to the jurisdiction of the Division or Subdivision; provided that the Division or Subdivision issuing such notice to persons subject to its jurisdiction shall at the same time and by the same method issue similar notices to the Authority, to the Divisional Administrative Agency (if issued by a Subdivision), and at the expense thereof to any other Divisions and Subdivisions or persons requesting such notice."

On further consideration, the industry never pushed the passage of this amendment and it was never approved by NRA.

CHAPTER VII

EXPORTS OF OTHER FOREST PRODUCTS

Douglas Fir Plywood Exports

The export of plywood, particularly Douglas Fir Plywood, is a growing business. In 1933, Douglas Fir Plywood was approxinately 99% of the total exports and in 1934, approximately 98%. In the last few months a sales organization has been created - the Pacific Forest Industries of Tacoma, Washington.* This was organized and incorporated under the Webb-Pomerene Act for the purpose of stabilizing the export market and the promotion of sales.

In view of its growing importance, a detailed study of this trade should be made.

UNITED STATES EXPORTS OF PLYWOOD

Year	Square feet	$ Value
1929	33,381,913	1,642,219
1930	37,890,534	1,542,435
1931	33,531,139	1,084,783
1932	31,735,799	755,014
1933	68,114,411	1,589,720
1934	61,421,913	1,700,076

Source: Foreign Commerce and Navigation of the United States

The Douglas Fir Plywood Industry was organized under the Lumber Code as a subdivision of the West Coast Division. No provisions of the code applied to exports, as Douglas Fir Plywood Industry did not apply for and operate under a quota until the last month the code remained in operation. The quota, as applied, covered total production of domestic and export for each operation. Inasmuch as the code was abandoned before any conclusions could be reached as to the effect of production control on the export market, it is idle to speculate or attempt to draw a comparison with the lumber export trade. It is sufficient to state that the market was demoralized to the extent that this industry sought a means of stabilization and applied to the Lumber Code Authority for production control, including export production, in the quota as a means of accomplishing that purpose. It is unfortunate that the abandonment of the code shortly thereafter precluded any possibility of determining the efficacy of the program.

DOUGLAS FIR DOOR EXPORTS

The export of Douglas Fir Doors, while not a very large percentage of our total exports of forest products, is, nevertheless, important and particularly so as it presents an opportunity to draw comparisons with

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* "Facts about Douglas Fir Plywood" - Pacific Forest Industries

the experience of lumber under code provisions. Douglas Fir Doors for export are sold in a highly competitive market, the major one being the United Kingdom where, in addition to competing with other foreign countries, it must compete with a large domestic production fabricated from imported woods.

UNITED STATES EXPORTS OF DOORS

Year	Number	$ Value
1929	2,140,414	3,987,081
1930	1,806,160	3,027,341
1931	1,987,071	2,718,949
1932	1,009,755	1,023,433
1933	2,091,711	2,014,699
1934	1,476,205	1,677,580

Source: Foreign Commerce and Navigation of the United States.

The Douglas Fir Door Industry was organized under the Lumber Code as a subdivision of the West Coast Division. Minimum prices were established for the domestic market but production was not placed under control through the provision of Article VIII (Production Control). No prices were established for export, with the result that the domestic market being protected by minimum prices was a scramble for foreign trade to absorb the overproduction which occurred through lack of control and ability to unload surplus stocks in the domestic market at cut prices.

The usual procedure to obtain business was followed, with extremely low prices, considerably below those set for the domestic market, being offered foreign buyers. The ultimate result of this price cutting was that the British Government, in order to protect the domestic producer, invoked the anti-dumping laws and imposed additional duty on Douglas Fir Doors. Too late, the industry decided to remedy the situation and took steps toward applying to the Lumber Code Authority for production control, but the Schechter decision halted this attempt to stabilize exports of Douglas Fir Doors.

CHAPTER VIII

IMPORTS

INTRODUCTION

Imports of sawn lumber and timber into the United States have been principally softwoods from Canada. As long as lumber was on the free list the amounts shipped into this country were substantial, but following the imposition of $1.00 per M board feet tariff under the Hawley-Smoot Tariff Act, passed by Congress in June, 1930, and $3.00 per M board feet under the Revenue Act of June, 1932, the amount of imports dropped to an insignificant total in comparison with total domestic consumption.

Imports of hardwoods into the United States, with the exception of maple from Canada and small quantities from Japan and Russia, are largely made up of tropical hardwoods such as mahogany, Philippine mahogany and so-called fancy woods such as rosewood, oriental wood and Spanish cedar. Most of these tropical hardwoods are used for special purposes or go into the furniture industry, mostly in the form of veneer and plywood.

Table #15, on page 49, gives the imports by board foot measure of our principal kinds of woods, which woods constitute a vast majority of total imports.

In addition, Table #16, on page 50, and Table #17 on page 51, give pertinent information of lumber and timber imports into the United States. (See also Table 18, p. 52 and Table 19, p. 53).

CHAPTER IX

EFFECT OF SECTION 3(E) OF THE NATIONAL INDUSTRIAL RECOVERY ACT ON THE LUMBER INDUSTRY

While Section 3 (e) of the National Industrial Recovery Act provided means for restricting imports of products in competition with domestic products produced under code provisions, no complaint was filed with NRA in respect to lumber and sawn timber. The problem of imports in their influence on domestic production, labor and conservation is largely a question of tariff. As such lumber imports have from time to time been the subject of investigation by the United States Tariff Commission, reference is made to Report to the President on Lumber, No. 32, Second Series, - United States Tariff Commission - 1932.

When lumber prices were low the $4.00 tariff acted as a virtual embargo and only following a rise in prices, such as occurred during the strike in the lumber industry of the Douglas Fir region, did imports of softwoods show any appreciable amounts.

The trade agreement between the United States and Canada was signed on November 15, 1935. (State Department and Commerce Department documents). This agreement reduced the rate on lumber 50%, so that the combined tariff and revenue charges will be reduced to $2.00. The only reservation is that the reduced tariff will only apply to 250,000,000 feet of Douglas Fir and western hemlock annually. This limitation is not a quota restriction but a tariff limitation. Any amounts in excess of the 250,000,000 feet will enter at the old rate of $4.00. The new rates in the agreement will become effective January 1, 1936, and the effect on imports can only be conjectured. The reduction in rates applies to any quantities of other species and will probably lead to increase in shipments, particularly spruce, into the United States eastern market.

CODE PROVISIONS AFFECTING IMPORTS

The only provisions affecting imports were those set up under the Mahogany and the Philippine Mahogany Subdivisions, the purpose of which was to provide for control of the quantity of imports as no other form of production control was feasible.

MAHOGANY

Under Schedule "A" of the Lumber Code and Mahogany Subdivision:

> "CONTROL OF PRODUCTION (IMPORTS) ARTICLE VIII: Quotas of imports or production established for the Mahogany Subdivision, and allotments thereof to eligible persons therein, in the discretion of its Administrative Agency and with the approval of the Lumber Code Authority, may be for periods greater than three months and may be based on shipments, provided that no such person shall be precluded thereby from imports or production sufficient to maintain at the end of any allotment period an inventory of logs and lumber equal in footage to the volume of his shipments during the preceding calendar year."

TABLE 15

UNITED STATES IMPORTS OF SPECIFIED LUMBER AND TIMBER PRODUCTS

	1929		1930		1931	
	M ft. b.m.	$1,000	M ft. b.m.	$1,000	M ft. b.m.	$1,000
Total	1,848,863	54,382	1,396,865	37,321	932,860	20,421
Logs	192,176	3,456	101,868	2,925	151,036	2,442
Hardwoods	-	-	1,687	511	2,662	725
Softwoods	192,176	3,456	100,181	2,414	148,374	1,717
Cabinet woods in log	81,264	6,633	50,507	3,493	21,994	1,390
Cabinet woods sawed	38,711	1,907	31,387	1,677	22,315	1,057
Railroad ties a/	27,630	736	21,288	581	11,842	291
Sawed boards & lumber	1,504,075	41,395	1,185,903	28,267	722,736	15,080
Hardwoods	85,656	4,875	39,800	2,051	24,458	1,019
Softwoods	1,418,419	36,520	1,146,103	26,216	698,278	14,061
Box shooks b/	5,007	255	5,912	378	2,937	161

	1932		1933		1934	
Total	494,594	9,705	516,681	10,610	350,416	9,896
Logs	87,358	919	119,404	1,199	37,540	422
Hardwoods	522	78	250	32	52	10
Softwoods	86,836	841	119,154	1,167	37,488	412
Cabinet woods in log	12,901	761	7,374	527	11,845	915
Cabinet woods sawed	12,263	527	21,281	815	22,415	1,012
Railroad ties a/	12,762	302	13,542	357	12,938	326
Sawed boards & lumber	367,059	7,080	336,410	7,413	264,472	6,715
Hardwoods	15,276	550	26,923	912	20,875	881
Softwoods	351,783	6,530	309,487	6,501	243,597	5,834
Box shooks b/	2,251	116	18,670	299	1,206	506

Source: Foreign Commerce and Navigation of the United States.

a/ Ties converted at 30 bd. ft. per tie.
b/ Box shooks converted at 3 bd. ft. per shook.

TABLE 16

HARDWOODS AND SOFTWOODS: UNITED STATES IMPORTS OF SPECIFIED LUMBER AND TIMBER PRODUCTS a/

Year	Softwoods		Hardwoods		Total	
	M ft.	$1,000	M ft.	$1,000	M ft.	$1,000
1929	1,643,232	40,967	205,631	13,415	1,848,863	54,382
1930	1,273,484	29,589	123,381	7,732	1,396,865	37,321
1931	861,431	16,230	71,429	4,191	932,860	20,421
1932	453,632	7,789	40,962	1,916	494,594	9,705
1933	460,853	8,324	55,828	2,286	516,681	10,610
1934	295,229	7,078	55,187	2,818	350,416	9,896

Source: Foreign Commerce and Navigation of the United States.

a/ Includes logs, lumber and cabinet, sawn boards, railroad ties, and box shooks.

TABLE 17

a/
DOMESTIC IMPORTS: HARDWOODS AND SOFTWOODS FROM CANADA AND ALL OTHER COUNTRIES

	1929		1930		1931	
	Canada	All others	Canada	All others	Canada	All others
	(In M ft. b.m.)					
Total	1,645,854	203,009	1,216,695	180,170	851,257	81,603
Softwoods	1,563,299	79,933	1,178,560	94,924	829,811	31,620
Hardwoods	82,555	123,076	38,135	85,246	21,446	49,983
	1932		1933		1934	
Total	425,139	69,455	433,774	82,907	288,438	61,978
Softwoods	410,778	42,854	409,114	51,739	272,449	22,780
Hardwoods	14,361	26,601	24,660	31,168	15,989	39,198

Source: Foreign Commerce and Navigation of the United States.

a/ Includes softwood, teak and cabinet logs, sawed cabinet woods, boards and lumber, railroad ties (converted at 30 bd. ft. per tie) and box shooks (converted at 3 bd. ft. per shook).

TABLE 18.
UNITED STATES IMPORTS OF LUMBER AND TIMBER PRODUCTS
FROM CANADA

	1929		1930		1931	
	M ft. b.m.	$1,000	M ft. b.m.	$1,000	M ft. b.m.	$1,000
Total	1,645,854	43,092	1,216,695	28,808	851,257	16,435
Logs	184,552	2,777	100,181	1,973	148,374	1,654
Cedar	33,437	524	25,461	335	20,718	188
Fir-Spruce-Hemlock	86,994	1,257	74,720	913	127,656	1,299
Other (except Cabinet)	64,121	996	-	725	-	167
Teak	-	-	20	5	14	4
Cabinet woods in the log	19	4	3	1	9	1
Cabinet woods - sawed	-	-	-	-	23	1
Sawed boards and lumber	1,435,133	39,588	1,098,094	26,243	692,989	14,470
Softwoods:	1,352,597	35,083	1,059,982	24,405	671,589	13,474
Hardwoods:	82,536	4,505	38,112	1,867	21,400	996
Railroad ties a/	25,124	703	18,154	549	9,680	270
Box Shooks b/	1,026	20	243	37	168	35

	1932		1933		1934	
Total	425,139	7,705	433,774	8,008	288,438	6,733
Logs	86,836	808	119,154	1,164	42,484	408
Cedar	27,903	244	32,575	309	20,148	172
Fir-Spruce-Hemlock	58,933	464	86,579	762	17,338	155
Other (except Cabinet)	-	100	-	93	4,998	81
Teak	3	1	-	-	-	-
Cabinet woods in the bg	30	3	42	8	6	1
Cabinet woods - sawed	3	1	2	1	88	7
Sawed boards and lumber	328,056	6,603	302,902	6,501	237,076	5,877
Softwoods	313,731	6,093	278,286	5,699	221,181	5,299
Hardwoods	14,325	510	24,616	802	15,895	578
Railroad ties a/	10,166	273	11,443	333	8,659	297
Box Shooks b/	45	16	231	1	125	143

Source: Foreign Commerce and Navigation of the United States.
a/ Railroad ties converted at 30 bd. ft. per tie. b
b/ Shooks converted at 3 bd. ft. per shook.

TABLE 19

PACIFIC COAST WATER-BORNE LUMBER SHIPMENTS FROM OREGON-WASHINGTON AND BRITISH COLUMBIA TO THE ATLANTIC COAST AND CALIFORNIA

From	1929				1930				1931				1932			
	Oregon-Washington		British Columbia		Oregon-Washington		British Columbia		Oregon-Washington		British Columbia		Oregon-Washington		British Columbia	
To	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California
	In thousand feet board measure															
Total	1,593,518	1,420,374	276,438	41,375	1,342,070	1,143,041	208,409	50,079	1,236,315	824,153	139,724	36,770	723,475	512,240	38,516	10,458
January	134,785	79,178	21,481	1,843	106,180	92,230	17,207	1,428	130,821	58,829	15,653	2,136	84,483	32,244	8,865	1,154
February	114,789	117,785	15,410	1,975	135,411	76,784	21,652	1,312	92,452	71,467	12,698	4,105	77,761	36,974	10,987	1,576
March	120,196	117,509	21,296	2,086	77,277	99,333	14,097	3,428	90,508	83,629	12,147	4,100	61,204	51,057	7,186	1,523
April	157,254	132,834	30,186	4,085	112,023	111,455	18,863	2,192	95,246	84,539	16,713	4,005	52,738	46,746	4,167	1,352
May	143,902	158,405	40,314	2,911	113,990	119,359	20,858	3,940	108,342	100,493	11,067	5,396	50,186	43,547	4,880	2,123
June	146,659	138,371	19,357	5,664	a/ 47,653	116,488	a/12,986	3,900	101,314	77,462	10,669	3,908	b/49,763	39,755	b/2,377	1,860
July	132,979	118,401	22,353	2,966	102,859	97,319	14,257	5,577	127,139	59,237	20,893	420	53,293	41,778	45	-
August	151,972	109,743	18,208	4,453	97,276	100,253	15,429	9,450	128,423	55,354	9,793	2,808	54,032	42,917	-	-
September	124,825	109,404	17,390	4,579	196,762	86,649	12,175	8,751	130,087	53,730	15,639	2,402	63,665	46,145	-	50
October	129,145	122,658	20,131	4,128	109,532	87,941	15,788	4,888	87,435	64,542	10,263	1,628	64,821	49,106	9	514
November	103,645	113,624	20,732	3,559	113,477	83,111	24,981	2,265	73,573	60,287	408	1,799	63,117	48,485	-	78
December	133,367	102,462	29,580	3,126	129,630	72,119	20,116	2,948	c/ 70,975	54,584	c/ 3,781	4,063	48,412	33,486	-	228

From	1933				1934				1935				Footnotes
	Oregon-Washington		British Columbia		Oregon-Washington		British Columbia		Oregon-Washington		British Columbia		
To	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	Atlantic Coast	California	
	In thousand feet board measure												
Total	848,556	621,837	12,474	1,800	600,942	499,720	452	1,307	d/591,449	578,557	d/33,062	3,443	a/Hawley-Smoot Tariff effective June 18,1930.
January	58,947	33,026	48	-	e/32,233	27,463	e/ 71	-	73,573	51,708	32	66	b/Revenue Act of 1932 effective June 21.
February	63,957	30,128	-	117	f/58,500	39,015	f/ 64	-	68,694	47,570	19	83	c/Canadian currency reached low of .804558 Dec. 16, 1931.
March	54,587	40,994	107	-	55,066	45,874	58	-	76,203	64,046	44	374	d/January to September, inclusive.
April	63,469	47,736	30	322	54,663	51,790	157	200	87,755	86,127	-	330	e/U.S. off gold standard on Jan. 31, 1934.
May	67,361	50,821	-	108	g/17,629	24,830	g/ 40	-	h/ 35,477	h/52,221	h/ -	669	f/Loggers of British Columbia were on strike during February 1934.
June	95,040	83,829	97	373	855	2,179	-	167	20,020	30,580	6,755	1,770	g/Longshoremen's strike began May 9, 1934.
July	104,766	76,887	6,856	361	i/12,487	11,599	i/ -	300	23,070	56,865	12,315	151	h/Code abandoned May 27, 1935.
August	j/124,149	59,004	j/4,005	247	122,076	74,579	-	96	99,405	104,827	9,295	-	i/Longshoremen's strike ended July 29, 1934.
September	82,857	55,431	858	-	65,519	61,091	31	22	107,252	84,613	4,602	-	j/Code approved August 19, 1933.
October	48,773	46,800	231	-	47,299	55,611	31	173	-	-	-	-	k/Canadian currency returned to normal value in November, 1933.
November	49,098	50,135	k/ 183	83	k/68,653	49,709	-	17	-	-	-	-	
December	35,552	48,046	59	189	65,962	55,980	-	332	-	-	-	-	

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Pacific Lumber Inspection Bureau.

Under this provision, the Mahogany Subdivision attempted to place the import and production of mahogany under control but no attempt was made to restrict the import of other "fancy woods". It was not found feasible to administer the control set up because of the difficulty in checking imports on arrival at port of entry in this country. The Mahogany Subdivision Agency requested the Customs Bureau of the U. S. Treasury Department to furnish it with or to give it access to the papers covering entry of tropical woods, or to furnish it with the name of the importer, date of entry, species and quantity. The Customs Bureau refused to supply such information on the ground that it was confidential. The result was that without some means of checking shipments, other than the reports of known imports, administration of control of imports was impossible and no serious effort was made by the Mahogany Subdivision Agency to enforce the allotments given to importers of record.

PHILIPPINE MAHOGANY

Under Schedule "A", 5, Philippine Mahogany Subdivision:

"(a) The Executive Committee of the Philippine Mahogany Subdivision is empowered, with the approval of the Authority and within the limits of the total subdivision quota, to assign a maximum import allotment to each eligible person registered with the Philippine Mahogany Subdivision and subject to its jurisdiction. The Subdivision quota and individual allotments shall be made for periods of six months and as provided in this Article.

"(b) Any person complying with the labor and other provisions of this code applicable to this Subdivision, who brings Philippine Mahogany or Philippine hardwood into the United States from the Philippine Islands in quantities sufficient to amount to wholesale distribution for resale to wholesalers, retailers or industrials as defined in this code, shall be deemed an eligible person for purposes of allotment.

"(c) Any eligible person may obtain an allotment by making application to the said Executive Committee, designating the Philippine mill or mills from which he has arranged to obtain his supplies. The allotment to said eligible person shall be determined by the following formula:

$$\frac{\text{Milling capacity}}{\text{Total capacity}} \text{ / } 60\% \text{ of Subidvision Quota}$$

Plus

$$\frac{\text{Mill shipments to U. S.}}{\text{Total shipments to U. S.}} \text{ / } 40\% \text{ of Subdivision Quota}$$

"DEFINITION OF TERMS

"'Mill Capacity' means the actual capacity at the time of the application for allotment of the Philippine mill or mills designated by an eligible person.

"'Total Capacity' means the actual total capacity of all Philippine mills designated by eligible persons.

"'Mill shipments to U. S.' mean the average yearly shipments to the United States from the Philippine mill or mills designated by eligible person, calculated upon any three calendar years since 1924.

"'Total shipments to U. S.' mean the average yearly shipments to the United States from all mills in the Philippine Islands, calculated on calendar years since 1924.

"In respect to mills which have not been in operation for as much as three calendar years since 1924, the 'mill shipments to the United States' shall be the yearly average of actual shipments.

"In the case of logging operations in which the logs were sold and shipped as logs and not manufactured into lumber or timber products by the logger, the actual production of such logs during calendar year shall be considered the 'mill capacity' of such operator.

"(d) If two eligible persons designate the same mill as their source of supply, the total shipments to the United States therefrom shall not exceed the amount determined by the application of the formula prescribed in this Article, and the said person shall divide the said total in such proportions as they are able to effect purchases from such mill.

"(e) If any eligible person to whom an allotment has been made advises the Subdivision agency that he will not use all or part of his allotment within the allotment period, or if in three months after the date of the allotment any such person fails to use a substitute portion of his allotment, and fails to show to the satisfaction of the Executive Committee that he has ordered shipment of a substantial portion of his allotment, the said Committee man, after public hearing on all the facts and circumstances, and subject to the supervision of the Authority, reduce the allotment of such person for the balance of the existing quota period by such amount as may be fair and equitable, in order to save to the Subdivision as a whole the privilege of bringing into the United States the whole of the Subdivision quota. In the event of such reduction of allotment, the amount thereof shall be divided among other eligible persons in proportion to their existing allotments upon application to the said Executive Committee.

"(f) In determining compliance with individual allotments, date of loading on shipboard in the Philippine Islands for shipment to the United States shall be deemed arrival of shipment in the United States.

"(g) No person subject to the jurisdiction of this Subdivision shall import products without an import allotment, or in excess of such allotment, as herein provided."

The Philippine Mahogany Subdivision instituted control of imports shortly after the approval of the code, issuing import allotments to registered importers of Philippine mahogany in accordance with the provisions of the code. In contrast to the Mahogany Subdivision, they were eminently successful in the administration of this control.

An arrangement was made with the Philippine Islands Government to report to the Agency by cable every shipment of Philippine Mahogany to the United States, the name of the ship, and of the mill making the shipment, the quantity, to whom consigned and the port of entry. This information was in the hands of the Agency at least three weeks before the shipment arrived in the United States, giving plenty of time to check against allotments issued to importers. This method of control disclosed that one importer was intending to import one-half million feet in excess of its allotment. The company refused to cancel the shipment and stated its intention of violating the code in this respect.

Through its attorneys, the Agency invoked a tariff regulation denying entry to goods which are declared to be in contravention to laws of the United States, charging violation of the National Industrial Recovery Act. Upon arrival of the shipment in Portland, Oregon, the customs officials seized the parcel and impounded it in a bonded warehouse. Following negotiations between the importer and the Philippine Mahogany Agency, it was agreed with the customs officials that the shipment would be released on posting of a bond, provided that the importer would reconsign the shipment to registered importers whose Philippine Mahogany allotment for the current period had not been filled. Thereafter, this Agency of the Lumber Code Authority had no trouble administering the control of imports in accordance with the provisions of the code.

Philippine Mahogany importers verbally state that they would like to have the right and power to reestablish this control, which resulted in stabilization of their business.

CHAPTER X

PULPWOOD, WOOD PULP AND PAPER

INTRODUCTION

A study of the foreign trade in pulpwood, pulp and paper is of vital importance in the consideration of conservation and sustained yield management of our forest resources. It largely involves the question of imports of these forest products. Wood comprises about 85% of the primary fibrous raw material used for paper making. Approximately 44% of our domestic use is based on foreign pulpwood, and of our entire pulp and paper requirements more than 50% has for some years been imported in the form of either paper pulp or raw pulpwood. Converting all domestic pulpwood, pulp and paper consumptions into cords of pulpwood, the total pulpwood requirements of the United States has been approximately 12,000,000 cords for the past several years. (Reference: National Pulp and Paper Requirements in Relation to Forest Conservation - Senate Document No. 115.)

As previously stated, under Senate Resolution No. 100, 74th Congress, first session, the U. S. Tariff Commission is engaged in an investigation of pulp and paper imports into the United States, but it is understood that this report will not be available until after January 1, 1936.

Domestic pulpwood is largely produced from farm wood-lots and small operators and is contracted for by buyers or concentrators who represent or sell to the large pulp and paper mills. On the West Coast (Douglas Fir region), prior to the depression, practically all pulp was produced from logs or sawmill waste, but production of cord wood in this region subsequently grew rapidly because of the cheap labor available during the depression.

PULPWOOD INDUSTRY NEVER CODIFIED

Pulpwood was not included as one of the original products under the Lumber Code and following numerous complaints and protests, charging exploitation of labor and extremely low wages and long hours, an attempt was made to include pulpwood and other primary forest products under the Lumber Code. An amendment was proposed to and accepted by the Lumber Code Authority, known as "The President's Amendment". (Reference: Transcript of Hearings, Lumber and Timber Products Industries, March 12, 1934.) This amendment was fought vigorously by the pulp and paper industry and an organization called the American Pulpwood Association. The latter was not in existence prior to the enactment of the National Industrial Recovery Act.

The American Pulpwood Association, the membership of which was never analyzed later submitted a proposed pulpwood code. This proposed pulpwood code contained wage and hour provisions substantially below those approved in the Lumber Code. These wage and hour provisions were unacceptable to NRA, and inasmuch as they were never satisfactorily adjusted, no code was ever approved for the pulpwood industry.

Without a code, NRA could not have had any effect on the foreign trade of this particular industry. An intensive study would be necessary to reach any conclusion as to what would be proper regulations and their subsequent effect on imports and exports. Of extreme interest is the fact that the trade agreements with Canada and Sweden agree to continue pulpwood, pulp and paper on the free list for the terms of the agreement.

CHAPTER XI.

THE NEWSPRINT INDUSTRY

Changes in World Production, 1929-1933

From 1929 to 1932, the world production of newsprint decreased 14.1 per cent, due chiefly to a sharp decline in Canada, the United States, and Germany. Production in Sweden and Japan during the same period declined a relatively small amount. On the other hand, production showed a remarkable increase in England, Finland and France, and substantial increases occurred in Newfoundland and Norway. However, the countries showing increases constituted only 20.6 per cent of world production in 1929, and 28.5 per cent in 1932. The United States and Canada, which together produced in 1929 56.4 per cent, and in 1932 46.6 per cent of the world production, lost during the period 2.9 per cent and 6.9 per cent, respectively.

The Industry in the United States

The newsprint industry in the United States in 1934 was composed of twenty-five companies operating principally in the States of Maine, New York, Oregon, Minnesota, Wisconsin, and Washington, with an estimated aggregate capital investment of about 300 million dollars. In June, 1933, it employed 6,560 persons, with an annual payroll of $7,150,000. In 1929 production was 1,409,000 short tons; while imports, mostly from Canada, were 2,423,000 short tons. Domestic consumption in 1933 approximated 2,729,000 short tons, of which the United States produced 946,000 short tons, and of which 1,794,000 short tons were imported principally from Canada.

The Industry in Canada

In 1934 there were approximately 24 Canadian companies engaged in the manufacture of newsprint. Production in 1929 was 2,729,000 short tons, of which 2,195,000 short tons or 80.4 per cent, were exported to the United States. In 1933 Canada produced 2,017,000 short tons, of which 1,545,000 short tons, or 76.6 per cent, were exported to the United States. Although no official figures are available, the Department of Commerce has estimated that in 1930 over 400 million dollars of United States capital was invested in the Canadian paper and pulp industry as a whole. This is over 50 per cent of the 794 million dollar capital investment in that industry.

United States Consumption

In 1929, the United States consumed about 52 per cent, or 3,813,000 short tons, of the total world production of 7,308,000 short tons; and in 1933 it consumed 2,831,000 short tons, or 45 per cent of a world production of 6,275,000 short tons.

In 1929 the domestic production constituted 36.7 per cent of the domestic consumption, whereas imports were 63.3 per cent. Of this latter, Canada and Newfoundland supplied 2,327,000 short tons, or 96 per cent. Domestic production in 1933 was 34.7 per cent of total

consumption, while imports rose relatively to 65.3 per cent, with Canada and Newfoundland supplying 91.4 per cent.

The consumption of newsprint rose steadily to 1929, when it reached a peak of 3,813,000 short tons. It then declined progressively to a total of 2,711,000 short tons in 1933 - a drop of 29 per cent during that period. End of the year stocks at the mills, at publishers and in transit in 1930 were 3,399,000 short tons. For 1933 the same figures were 2,567,000 short tons, a reduction of 24.5 per cent.

For 1928, the latest year for which data are available, the distribution of newsprint consumption among states was: New York, 22 per cent; Illinois, 12 per cent; Pennsylvania, 9 per cent; Massachusetts, 6 per cent; California, 6 per cent; Ohio, 5 per cent; Michigan, 5 per cent; Missouri, 4 per cent; Tennessee, 3 per cent; Minnesota, 2 per cent; Indiana, 2 per cent; Texas, 2 per cent. The consumption in this group of 12 states amounted to over 75 per cent of the total consumption in the United States. Although the total consumption of newsprint in 1933 was less than that of 1928, it is probable that the percentage relationships have not greatly changed.

United States Production and Trade

Exports of newsprint from the United States are negligible, amounting to 19,000 short tons in 1929, and to only 11,000 short tons in 1933.

Production in the United States since 1926 has declined each year. The total decline from 1926 to 1933 was 44 per cent. Imports, on the other hand, increased approximately 30 per cent from 1926 to 1929. Thereafter they declined, and in 1932 and 1933 were about 3 per cent less than imports in 1926. Nevertheless, with the exception of the year 1932, the ratio of imports to domestic production, based on annual figures, increased steadily throughout the period 1926 to 1933. It rose from 110 per cent in 1926 to 175 per cent in 1929, to 178 per cent in 1932, and to 190 per cent in 1933.

Standard newsprint is imported into the United States free of duty, under the Tariff Act of 1930. In recent years Canada has supplied 85 to 90 per cent of the total imports. From 1929 to 1933 there was a slight increase in the relatively small percentages coming from Sweden, Finland, and Germany. Based on 1929 statistics, about 90 per cent of the newsprint produced in Canada was exported, and 80 per cent of this was shipped to the United States. Eighteen per cent of the newsprint exported from Sweden and 15 per cent of the exports from Finland were also shipped to this country.

Effect of the Newsprint Code

The domestic Newsprint Industry's Code was approved November 17, 1933. Data submitted by six individual companies indicated that the total costs of operations increased approximately 22 per cent in the period between June-November 1933, and December 1933, through May 1934 - before and during code operation. It was likewise indicated that the percentage of labor to total costs was 12.95 before the code, and 13.6

after the code became effective. Over the same interval employment was shown to have increased 13 per cent; average hours per week to have decreased 12 per cent; the average weekly wage to have increased about 1 per cent; and the average hourly wage to have increased 1.5 per cent.

Important Competitive Factors

Of particular significance in the competitive relationship between the United States and Canadian newsprint industries has been the rapid expansion in the latter country. This has been mainly due to the fact that extensive tracts of timber and an abundance of advantageous water power sites have been available to producers in Canada, under Government lease and at a comparatively low capital cost. The situation in the United States, on the other hand, has been that substantially all sites affording sufficient supplies of timber and water power have been available only at a capital cost considerably greater than in Canada.

From 1926 through the first three quarters of 1932, newsprint prices fell less than the general wholesale price. After the first quarter of 1933, however, newsprint did not share in the general rise in wholesale prices. The average unit values of imports were only slightly below domestic prices, and the addition of transportation and selling costs would apparently have brought the net price to the consumer up to or above the level of the domestic price. While the base price of newsprint in the United States declined 65 per cent from 1929 to 1935, the average unit value of imports over the same interval declined less than 42 per cent.

The competitive position of the domestic newsprint industry, insofar as it was affected by the currency situation, was substantially better after the Code went into effect than it was from September, 1931, to April 1933. The dollar value of the currencies of Canada, Sweden, and Finland averaged about 12 per cent, 30 per cent, and 40 per cent, respectively, below the par for the year 1932. Later in 1933, however, the currencies of Canada and Sweden returned almost to par, and that of Finland to within 10 per cent of par.

CHAPTER XII

SHINGLES

Export

The export of shingles has always been insignificant in comparison with domestic consumption. A few shingles have been exported to the West Indies, Australia, South Africa and New Zealand. More recently, the United Kingdom has imported some shingles and this trade is growing quite rapidly. However, the business is all going to British Columbia because of the British preferential tariff.

Import

The import of shingles, all of which come from Canada, has been an important factor in the shingle industry. Of all shingles manufactured, 95% are red cedar and are produced in the States of Washington and Oregon and the adjoining Province of British Columbia. Imports from British Columbia have risen as high as 42% of domestic consumption, which they did in 1932 and 1933, just prior to the establishment of the code.

At the request of the industry, shingles were included originally under the Lumber Code and were constituted a division thereof with a separate agency to administer it. No special provisions were established pertinent thereto, but the industry applied for and was granted production control and minimum prices under Article IX.

GENTLEMEN'S AGREEMENT WITH CANADA

Shortly after the approval of the code, the industry filed with NRA a complaint under Section 3(e) of the National Industrial Recovery Act asking that imports from British Columbia be restricted. On the recommendation of NRA the President instructed the U.S. Tariff Commission, in accordance with the provisions of Section 3(e) of the National Recovery Act, to make an investigation and to recommend such action as it deemed necessary. After hearings and investigation by the United States Tariff Commission, it was recommended to the President that imports from Canada (the only importing country) be restricted to 25% of domestic shipments. The figure of 25% was based on the average imports from Canada of red cedar shingles for the previous ten years. Subsequently, the State Department issued an announcement that a "gentlemen's agreement" had been entered into with the Canadian manufacturers. This agreement was to the effect that Canada would restrict its shipments to the United States to 25% of the domestic shipments.

At first, considerable difficulty was experienced by the Canadians in carrying out the agreement, due to the impossibility of checking the shipments of the individual manufacturers, there being recalcitrants in Canada as there were in this country who refused to cooperate, shipping quantities of shingles to the United States without regard to the export allotment assigned to them. In order to overcome this difficulty, the Canadian Government was persuaded by the British Columbia manufacturers to invoke the Dominion's Marketing Act and to establish an agency to control exports of shingles in accordance with the provisions of this Act.

TABLE 20.

SHINGLES: UNITED STATES IMPORTS, TOTAL AND FROM CANADA

Year	Total (In M ft. B. M.)	Canada
1929 a/	167,288	b/ 167,288
1930 a/	124,448	120,448
1931 a/	98,820	98,820
1932 a/	123,915	123,915
1933 c/	125,626	125,626
1934 c/	110,094	110,094

Source: Foreign Commerce and Navigation of the United States.

a/ Converted from shingles at 1,000 shingles equal 100 bd. ft.
b/ Also 300 bd. ft. from Mexico.
c/ Converted from squares at 1 square equals 80 bd. ft.

The regulations imposed by the Ottawa Government required that a quota certificate be attached to consular invoices, and further provided a severe penalty on the carriers for transporting any shipment to the United States unless the required quota certificate was attached to the bill of lading. The agency was empowered by the government to issue the quota certificates and to administer the regulations imposed. Thereafter, the agreement functioned with fair success and the averages which had accumulated prior to the establishment of this control were being rapidly absorbed up to the time of the strike in the shingle mills of Washington and Oregon, which occurred on May 9, 1935.

In view of the cessation of shipments from the mills in the United States, and the necessity of maintaining the markets for shingles, the Canadian manufacturers were released temporarily from the "gentlemen's agreement", which release remained in effect until the code was abandoned following the Schechter case decision on May 27, 1935.

There was no doubt in the minds of the manufacturers of shingles as to the benefit to the industry accruing from the agreement. It was this agreement alone which prevented a wide-open disregard of the code occasioned by the internal dissention caused by disagreement between the small operators (a substantial factor) and the large operators as to the method and basis of establishing allotments.

The only difficulty which arose in administration was the complaint of the Canadian manufacturers that the figures on domestic shipments were incomplete and inaccurate. The figures were collected and submitted by the Washington and Oregon Shingle Association, the agency of the Lumber Code Authority in the Red Cedar Shingle Division. This method of securing domestic shipment figures was not entirely satisfactory and, in the future, when any agreement is made, predicated on domestic shipments or production, means of determining the amounts of such factors or factor

should not be left to the industry benefitting, but provision should be made for compilation and certification of the figures by a disinterested party, preferably under government sanction.

The Canadian trade agreement reserves to the United States the right to impose a limit on imports of red cedar shingles to 25% of domestic production, thereby providing the means of continuing the agreement originally made possible by NRA. It will be interesting to see if the experience under NRA will be used to eliminate the possibility of dissatisfaction with such an agreement in this respect and thus promote international harmony and cooperation within this important industry.

APPENDIX I.

I. The method employed in developing the foreign trade aspects of the Forest Products Industry Study in itself brings out the necessity for further research if any conclusions are to be reached as to the effects of the Code as regards either the relative importance of export markets to domestic industries, or the extent and competition in the United States from the products of foreign industries.

II. The ultimate purpose of the completed study was to determine: (1) the trends in the import and export trade in specified forest products before and during the period the industry operated under the Code; and (2) the extent to which these trends were influenced by divisional and subdivisional code authorities acting under provisions in the Lumber and Timber Products Industry Code.

III. While the Industry Studies Section was analyzing the effects of the Code on the domestic industry, the Foreign Trade Studies Section was engaged in collecting and assembling data with respect to the trends in the trade of the principal products of the industry.

IV. The present draft report represents only the first segment of the work to be completed; it now remains to bring together the two independently completed studies into a report or study in a form which will allow the experience under the Code to be of full service.

V. The propriety for further research is indicated in the rules, regulations, and orders promulgated by divisional and subdivisional code authorities under the powers granted or assumed by them under Article VIII of the Lumber Industry Code. The record of experience (both general and statistical) should be undertaken for divisions and subdivisions where there were quotas and allotments in terms of imports, or where production-export control or "cost protection" regulations were more vigorously put into effect. The preliminary study particularly recommends that attention be given to the following:

(a) The efforts of the industry, through proposed amendments to the Code, to establish production-for-export quotas and the establishment of export prices, and the differences of opinion within the industry and the Recovery Administration which prevented the approval of such proposals.

(b) The activities of the Philippine Mahogany and the true Manogany subdivisional code authorities in controlling imports through their respective administrative agencies; and especially the court actions pressed by the NRA Litigation Division against several importers of Philippine Mahogany who were alleged to have exceeded their import quotas.

(c) The attempts to control the price of newsprint paper by voluntary agreements between the Association of Newsprint Manufacturers of the United States (Code Authority) and the Newsprint Export Manufacturers Association of Canada.

(d) The Pacific Northwest Loggers Association's agreement with British Columbia timber exporters whereby the latter agreed to limit shipments to a quota assigned by the Association.

(e) The efforts of the domestic woodpulp industry to reach a price agreement or understanding with Scandinavian shippers, while pressing for the approval of their code. (This code was never approved).

(f) The operations of several lumber export associations under the Webb-Pomerene Law or Export Trade Act.

VI. A careful analysis of the statistical records with respect to "cost protection" and production control when properly correlated with the data available regarding the volume and value of imports and exports within the several divisions and subdivisions of the industry should provide a valuable record of experience.

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